CENTRAL STATISTICAL OFFICE

Economic Trends

ARTICLES

National income and expenditure in the third quarter of 1974

Measuring changes in the nation's real income

Employment in the public and private sectors of the United Kingdom economy

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Release dates of economic statistics to be published in February 1975

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February 1975	*Series*	*Method of release*	*Source*
Mon 3	Hire purchase and other instalment credit business (December)	PN	D of Industry
	Retail trade (December)	PN	D of Industry
Tues 4	United Kingdom official reserves (January)	PN	HM Treasury
	Capital issues and redemptions (January)	PN	Bank of England
	CBI Industrial Trends survey (January)	PN	CBI
Wed 5	London clearing banks' monthly statement (mid-January)	PN	Ctte. LCB
	UK banks' eligible liabilities, reserve assets and reserve ratios (mid-January)	PN	Bank of England
Thurs 6	Housing starts and completions (December-provisional)	PN	D of the Environment
	House renovation grants (December-provisional)	PN	D of the Environment
	Provisional figures of vehicle production and estimates of new car registrations (January-provisional)	PN	D of Industry
Fri 7	Consolidated Fund and National Loans Fund (January)	LG	HM Treasury
Mon 10	Central government borrowing requirement (December)	FS	CSO/Treasury
	Turnover of the catering trades (December)	PN	D of Industry
	Wholesale prices index numbers (January)	PN	D of Industry
Wed 12	Index of industrial production (December)	PN	CSO
Fri 14	Crude steel production (January)	PN	BSC/BISPA
	Finished steel consumption and stocks (4th qtr-provisional)	PN	D of Industry
	Retail prices index (January)	PN	D of Employment
	Building societies' receipts and loans (January)	PN	Building Societies Assn.
	Balance of payments current account and overseas trade figures, incorporating the import and export unit value and volume index numbers and the terms of trade (January)	PN	D of Trade/CSO
Mon 17	UK banks' assets and liabilities and the money stock (mid-January)	PN	Bank of England
	Retail trade (January-provisional)	PN	D of Industry
	Turnover of the motor trades (4th qtr)	PN	D of Industry
Tues 18	Building society house prices and mortgage advances (4th qtr)	PN	D of the Environment
	Preliminary estimates of gross domestic product based on output data (4th qtr)	PN	CSO
Wed 19	Basic rates of wages and normal weekly hours (end-January)	PN	D of Employment
	Monthly index of average earnings (December)	PN	D of Employment
Thurs 20	Sales and orders in the engineering industries (November)	T and I	D of Industry
	Unemployment (February-provisional)	PN	D of Employment
	Unfilled vacancies (February-provisional)	PN	D of Employment
	Car and commercial vehicle production (January-final)	PN	D of Industry
	Consumers' expenditure (4th qtr–2nd preliminary estimate)	PN	CSO
Fri 21	New vehicle registrations (January)	PN	D of the Environment
Sun 23	National savings monthly progress report (January)	PN	National Savings Ctte.
Thurs 27	Employment in production industries (December)	Gazette	D of Employment
	Overtime and short-time working in manufacturing industries (December)	Gazette	D of Employment
	Stoppages of work due to industrial disputes (January)	Gazette	D of Employment
	Energy Trends	PN	D of Energy
	Construction-new orders (December)	PN	D of the Environment
	Bricks and cement production (January)	PN	D of the Environment

PN=*Press Notice* LG=*London Gazette* FS=*Financial Statistics* T and I= *Trade and Industry*

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INTRODUCTION

Economic Trends is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments. It provides charts and tables illustrating trends in the United Kingdom economy. In addition, there are articles which comment on and analyse economic statistics, introduce new series or describe methods used in compiling official statistics. This issue contains information available to the Central Statistical Office on or before 20 January 1975.

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Government Statistical Service

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National income and expenditure in the third quarter of 1974

This article presents quarterly estimates of national income and expenditure up to the third quarter of 1974. The appendix tables presented here show quarterly figures for the latest three years. Table 11, the combined capital account, is shown for the first time both unadjusted and seasonally adjusted. This change in presentation coincides with the publication in the January issue of *Financial Statistics* of seasonally adjusted sector capital accounts. Provisional summary estimates of gross domestic product (GDP) up to the first quarter were issued by press notice on 20 December, and the figures now incorporate the latest estimates of fixed investment and stockbuilding published in *Trade and Industry* on 9 January. These revisions were included in a press notice issued on 9 January. Unless otherwise stated, the commentary in this article refers to seasonally adjusted data.

Gross domestic product (Table 4)

Each of the three measures (expenditure, income and output) of gross domestic product showed a further rise in the third quarter of 1974, following the increase in the previous quarter from the reduced levels of activity in the first quarter, when output had been affected by the power restrictions and the three-day working. For movements over short periods the output measure is considered to provide the most reliable indication, and this showed a rise of 1 to 1½ per cent between the second and third quarters, after a small upward adjustment to this movement is included for the probable understatement of the levels of output in the second and third quarters, due to the use of delivery indicators to represent output in some industries. (Output is estimated to have been understated by ¼ per cent and about ½ per cent in the second and third quarters respectively.) This adjusted rise is very similar to the average given by the income and expenditure measures.

Over a longer period the average of the three measures of gross domestic product is considered to provide the best indication of movement. Between the third quarter of 1973 (which was the last period wholly free from the effects of the output restrictions) and the third quarter of 1974, the average measure rose by just under 1 per cent. The income and expenditure measures each rose by about 1½ per cent over this period, but the output measure was virtually unchanged.

At current prices, gross domestic product (measured by the average of income and expenditure data) is estimated to have risen by 10 per cent in the third quarter, and by 18½ per cent over the annual period between the third quarters of 1973 and 1974. Over the latter period the index of total home costs (derived from the expenditure measure at current and constant prices) rose by nearly 17 per cent.

Estimates of gross domestic product at current and constant prices are given as index numbers in the table below.

Gross domestic product at factor cost(1)

Seasonally adjusted — Index numbers, average 1972=100

	At current prices		At 1970 prices			
	Based on expenditure data	Based on income data	Based on expenditure data	Based on income data(2)	Based on output data	Average estimate
1972	100·0	100·0	100·0	100·0	100·0	100·0
1973	114·4	114·4	105·3	105·3	105·0	105·2
1972 1st quarter	95·4	93·8	98·4	96·8	97·0	97·4
2nd quarter	98·2	98·7	99·9	100·3	100·0	100·1
3rd quarter	100·6	101·4	99·6	100·4	100·7	100·2
4th quarter	105·8	106·1	102·2	102·5	102·3	102·3
1973 1st quarter	112·9	110·3	106·8	104·3	104·9	105·3
2nd quarter	111·9	113·1	104·4	105·6	104·4	104·8
3rd quarter	115·6	115·5	105·4	105·3	105·5	105·4
4th quarter	117·3	118·8	104·7	106·1	105·1	105·3
1974 1st quarter	117·8	115·8	103·0	101·2	102·2	102·2
2nd quarter	124·6	124·5	105·7	105·6	104·2	105·2
3rd quarter	137·3	136·6	107·2	106·6	105·3	106·4
1972 1st half	96·8	96·3	99·1	98·6	98·5	98·7
2nd half	103·2	103·7	100·9	101·4	101·5	101·3
1973 1st half	112·4	111·7	105·6	104·9	104·7	105·1
2nd half	116·4	117·2	105·0	105·7	105·3	105·3
1974 1st half	121·2	120·2	104·4	103·4	103·2	103·7

(1) These estimates are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
(2) Income data deflated by the price index implied by estimates based on expenditure data.

Expenditure (Table 1)

The expenditure-based estimate of gross domestic product is estimated to have risen nearly 1½ per cent in the third quarter, a slightly higher rate of increase than the 1 to 1½ per cent rise given by the output-based estimate after an allowance has been made to the latter for the probable understatement of the movement between the two quarters. Over an annual period, between the third quarters of 1973 and 1974, the expenditure-based estimate rose by 1½ to 2 per cent, a rather greater rise than that shown by the average measure of gross domestic product.

Consumers' expenditure rose by just over 1½ per cent in the third quarter, recovering to a level just below that recorded in the third quarter of 1973. Over this last annual period of comparison there were rises in expenditure on food, clothing and footwear, and on services, but falls in expenditure on alcoholic drink, tobacco and durable goods. Within durables there was a particularly sharp fall of nearly a quarter in expenditure on the purchase of cars and motorcycles.

The volumes of both exports and of imports of goods and services were virtually unchanged in the third quarter. Between the third quarters of 1973 and 1974 there was a rise in the volume of exports of nearly 6½ per cent, but over the same period imports grew much more slowly, by just under 1 per cent.

The volume of expenditure on fixed investment showed a small rise in the third quarter from the reported level in the second quarter, which had been depressed by the unwinding in the second quarter of an earlier speeding up of payments by public authorities, associated with the reorganisation of local government on 1 April 1974. Manufacturing investment, which was not influenced by this effect, was little changed in the third quarter, but there was a small rise on average in investment in all other industries. Over the annual period between the third quarters of 1973 and 1974, total fixed investment fell by 5 per cent. Manufacturing investment rose over this period by 8 per cent, but there were large falls in investment by the service industries and in dwellings.

There was an increase in the level of stocks in the third quarter, estimated at £215 million at 1970 prices. This followed a sharp rebuilding of stocks in the second quarter after the depletion in the first quarter during the period of short-time working. Manufacturers' stocks rose by £285 million in the third quarter, a substantially greater rise than in the second quarter, and about half of this rise was in respect of finished goods. In contrast to this, wholesalers' and retailers' stocks are provisionally estimated to have fallen in the third quarter.

Factor incomes (Table 2)

Total domestic income is provisionally estimated to have risen by nearly 6 per cent at current prices between the second and third quarters, well above the average rates of increase in recent quarters, reflecting the sharp increase in income from employment (the major component), which rose by 9 per cent. Over a longer period, between the third quarters of 1973 and 1974 the rise in total domestic income is estimated at 18 per cent; the corresponding increase in income from employment is 22½ per cent.

The provisional estimates of gross trading profits of companies continue to be affected by the sharp variations in stock appreciation. Comparisons of quarterly movements in company profits are particularly subject to error, but the movement between the second and third quarters, which were both relatively free from the output restrictions in force at the beginning of the year, indicates little change in profits before deducting stock appreciation, but a significant rise if this is deducted. Over an annual period of comparison, between the second and third quarters of 1973 taken together, and the corresponding period in 1974, there was a rise in gross trading profits of about 11 per cent, but if stock appreciation is deducted there was a fall of about 12 per cent. Income from rent and self-employment has risen much more slowly in 1974 than in the previous two years, partly due to the reduced rate of economic activity in 1974. Between the second and third quarters of 1973 taken together and the same period in 1974, rent and self-employment income is estimated to have risen by nearly 12 per cent.

Output (Table 3)

There was a rise of just over 1 per cent in the output measure of gross domestic product in the third quarter, indicating a further recovery following the reduced level in the first quarter, when output had been restricted by the effects of the miners' dispute. This rise may have understated slightly the true extent of the movement in output, since the use of delivery indicators to represent output in many industries within the index of production is estimated to have resulted in an understatement of total output in the second quarter by about ¼ per cent, but by about ½ per cent in the third quarter. Between the second and third quarters the index of production rose by just over 1 per cent, and this also probably understated the rise in industrial output by about ½ per cent. There were larger rises over this period in both mining and quarrying and in the gas, electricity and water industries, where coal mining and electricity output had been particularly affected in the first quarter. Outside the index of production there were small increases in most broad categories of industry, with a greater than average rise in the distributive trades, reflecting the recovery in retail sales in the third quarter following the depressed levels in the first half of the year. Over a longer period between the third quarters of 1973 and 1974, the output measure of gross domestic product was little changed. The index of industrial production fell by 1½ per cent, although after allowing for the use of delivery-based indicators the fall in industrial output may have been only ½ per cent. The recorded fall in the index for manufacturing was ½ to 1 per cent (with an increase in output of about ½ to 1 per cent after allowing for delivery indicators), but there was a substantial decline in construction activity. Outside the production industries there were small but widespread rises in output, averaging about 1 per cent.

Personal income, expenditure and saving (Tables 5 and 12)

Total personal income before tax rose by 8½ per cent in the third quarter, roughly double the rate of increase over the previous few quarters. Wages and salaries rose by 8 per cent, a little more than the rise in the previous quarter, which had represented in part a recovery from reduced

levels of employment income in the first quarter during the period of short-time working. The latest rise reflects the ending of phase 3 in July, payments in settlement of anomalies and the threshold payments received by many groups of workers. Employers' contributions rose by 11½ to 12 per cent in the third quarter partly as a result of the increased rate of national insurance contributions, and current grants by public authorities jumped by nearly 15 per cent reflecting the increases in the national insurance retirement pensions and in other state benefits paid from July. Compared with the third quarter of 1973, there was a rise in the third quarter of 1974 of 21 per cent both in personal income in total, and in wages and salaries. Employers' contributions and current grants from public authorities each grew over this period by around 30 per cent, but other personal income rose by only 11½ per cent.

Payments of taxes on income rose substantially by a further 11 to 11½ per cent in the third quarter, following the jump of nearly 13 per cent in the second quarter, and national insurance contributions rose by 16 per cent. Total disposable income, taken after deducting taxes and national insurance contributions, rose by 7½ per cent. Comparing the third quarter with the same period a year earlier, the rise in taxes and national insurance contributions together was 38 per cent, well in excess of the rise in total personal incomes before tax, so that the rise of almost 17 per cent in total personal disposable income was less than the rise in personal incomes before tax.

At current prices consumers' expenditure rose by 4½ per cent in the third quarter, only somewhat over half the increase in disposable income, so that there was a remarkable increase of 2½ points in the savings ratio to a record level of 13·1 per cent. Although errors in the estimates of both the income and expenditure components of the personal sector current account may lead to a relatively unreliable estimate of the balance (personal saving), the increase in the estimated savings ratio in the third quarter from recent levels of 11 per cent or less is regarded as significant. After allowing for price rises, real personal disposable income also rose sharply in the third quarter by 4½ per cent, to reach a level just 1½ per cent higher than the previous peak in the third quarter of 1973, the last period wholly unaffected by the consequences of the miners' dispute.

The volume of consumers' expenditure rose by just over 1½ per cent in the third quarter following the falls recorded in each of the two previous quarters, representing a recovery in spending possibly associated with the rise in wages and salaries and the increases in state pensions, and with the reduction in the rate of value added tax. Expenditure on food rose by 2 per cent, although there was a further fall in expenditure on alcoholic drink. There were recoveries in expenditure on fuel and light, clothing and footwear and on most categories of durable goods, although spending on the purchase of cars and motor cycles fell by over 8 per cent. Comparing the third quarter of 1974 with the same period in 1973, expenditure in total fell very slightly, and if an adjustment were made for the inclusion of consumers' expenditure on sewage disposal in the total for the later but not the earlier period, the fall would have been ½ per cent. Over this same annual period expenditure fell by 23 per cent on the purchase of cars and motor cycles, by 5 per cent on other durable goods, and by 8 per cent on beer. There were smaller falls in expenditure on alcoholic drink, tobacco and on the running costs of motor vehicles. There was a rise of 6 per cent in expenditure on fuel and light over the same period, almost entirely within the gas and coal categories; the rise in the volume of expenditure on coal is in sharp contrast to the steady decline over the previous twenty years. Other categories of expenditure showing rises between the third quarters of 1973 and 1974 were food, clothing and footwear, and other services.

Company sector (Table 6)

Provisional estimates of total company income suggest little change between the second and third quarters of 1974, or, within this total, of company trading profits. However, company stock appreciation has varied substantially over the last few quarters, showing a great increase in the first half of 1974 when prices, particularly of commodities, rose rapidly, but falling back again in the third quarter when commodity prices showed much smaller movements. After deducting stock appreciation, gross trading profits are provisionally estimated to have risen significantly in the third quarter, but over a longer period, between the second and third quarters of 1973 taken together and the same period in 1974, there was a fall in gross trading profits of about 12 per cent when stock appreciation is deducted. Over the same period rent and non-trading income rose by 29 per cent and within this total, receipts of fixed interest grew even more substantially, reflecting in part the rise in interest receipts by financial companies mainly over the earlier part of this period. Income from abroad (before deducting taxes paid abroad, shown separately in Table 6) rose over the same annual period by 58 per cent, but the greater part of this rise was associated with the jump in taxes paid abroad, particularly by overseas subsidiaries of oil companies to the oil producing states.

The timing of dividend payments in recent quarters continues to be affected by the changeover in April 1973 to the new system of corporation tax, and if an approximate adjustment is made for this distortion there was a rise of around 4 per cent in the second and third quarters of 1974 taken together, compared with the same period in 1973. Other interest payments rose by 33 per cent over the same period, the counterpart of the receipts by financial companies mentioned above, but profits due abroad net of taxes paid abroad fell by 13 per cent. Payments of United Kingdom taxes on income rose by 44 per cent over this period, reflecting the change in the tax system (advance corporation tax was paid in significant amounts only from the third quarter of 1973) and the payment of ACT addition imposed by the 1974 Finance Act. Company saving after adjustment for the timing distortion to dividend payments fell back in the third quarter, but if an adjustment is also made for stock appreciation, there was an increase. Over a longer period between the second and third quarters of 1973 taken together, and the same period in 1974, there was a fall in company saving of 11 per cent, after including the adjustments for dividends and for stock appreciation.

Public corporations (Table 7)

The gross trading surplus of public corporations was little changed in the third quarter, but after deducting stock appreciation there was a rise of over 13 per cent. Over a longer period, between the third quarters of 1973 and 1974, there was a recorded increase of about 23 per cent in the gross trading surplus, but if a rough adjustment is made for the increased coverage of the public corporations' sector in the later period, and if stock appreciation is deducted, the rise was reduced to about 4 per cent. Payments of interest rose a further 4½ per cent in the third quarter, following the continuous rise over the last few years. Between the third quarters of 1973 and 1974 the rise in interest payments was around 20 per cent after allowing for the change in coverage of this series.

Central government (Table 8)

Total receipts by central governmen trose by 8½ to 9 per cent in the third quarter, following a revised increase of 6½ per cent in the previous quarter. Most of this sharp rise came from the jump in taxes on income, which rose by over 12½ per cent in the third quarter, reflecting both the budget changes to tax rates, and the increase in employment income in that quarter. National insurance contributions also rose rapidly by 16½ per cent, influenced partly by the increase in contribution rates taking effect from July, mainly those of employers. Taxes on expenditure by contrast, rose by just 1 per cent in the third quarter, reflecting the lower rate of VAT announced in July. Over the annual period between the third quarters of 1973 and 1974, total receipts increased by nearly 27 per cent, and within the total, taxes on income rose by over 40 per cent, and national insurance contributions were up by over 33 per cent.

Total current expenditure jumped by nearly 15 per cent in the third quarter to a level 34 per cent above the third quarter of 1973. Over the latter period of comparison, current expenditure on goods and services rose by a very similar amount reflecting pay settlements over this period, the threshold payments which raised pay in the third quarter by about 7 per cent, and the increase in July 1974 in employers' contributions. The comparison is also affected by the transfer of local authority health services to the central government account from the second quarter onwards which is roughly estimated to have accounted for 3 per cent of the rise. Over the annual period between the third quarters of 1973 and 1974, payments of subsidies more than doubled, with large increases in subsidies to compensate public corporations for price restraint and in housing subsidies, and with the introduction in the spring of new subsidies on certain basic foodstuffs. Over the same period payment of national insurance benefits increased by 37 per cent, and current grants to the personal sector increased by 21 per cent, and there was a rather smaller increase in debt interest payments. Over the year between the third quarters of 1973 and 1974 current expenditure rose more rapidly than receipts, and a surplus in the earlier period may be compared with a small deficit in the third quarter of 1974.

Local authorities (Table 9)

The reorganisation of local government in England and Wales has adversely affected many of the estimates for the three quarters of 1974. In addition, the local authority sector boundary was changed at the time of reorganisation, with the transfer of the local health services to the central government sector, and of sewage disposal and the trust ports to the public corporations' sector, so that comparisons of the second and third quarters with earlier periods are affected by these changes. The effects of reorganisation on the sector tables were discussed in some detail in the previous article in this series in the October 1974 edition of *Economic Trends*.

Between the second and third quarters total receipts rose by 1½ per cent, a very similar rise to that of the major component, current grants from central government. Accruals of rates were little changed following the increase in the previous quarter, marking the beginning of the 1974/5 financial year. Over the annual period between the third quarters of 1973 and 1974, and after making a rough adjustment for the change in coverage of the local authority sector, there was an increase in total receipts of about 24 per cent, and a very similar increase in current expenditure on goods and services also after adjustment for the change in coverage. The latter increase, which must be treated with particular caution, because of the difficulties in obtaining a satisfactory response to the quarterly enquiries, was rather greater than the corresponding annual comparisons over earlier periods, reflecting the rise in costs of materials, and in labour costs which were raised in the third quarter by threshold payments and by the increased employers' national insurance contributions. Other current expenditure, also after adjustment for the change in coverage, is estimated to have risen by 26 per cent between the third quarters of 1973 and 1974, and the rise in current expenditure in total, after adjustment, is about 24 per cent, a similar increase to the adjusted receipts, so that the balance of current saving was not greatly changed over this period.

International transactions (Table 10)

In the third quarter of 1974 there was a deficit on current account of £780 million, rather lower than in either of the first two quarters. The deficit on goods alone was £1,160, also lower than in the earlier quarters of the year, mainly due to a marked reduction in the deficit on trade in non-oil goods. The surplus on invisibles (services, property income and transfers) increased further in the third quarter to £380 million. The volume of exports and of imports of goods and services were both little changed in the third quarter, but in value terms there were rises of nearly 5 per cent in exports and 1 to 1½ per cent in imports, reflecting an improvement in the terms of trade. However, over a longer period between the third quarters of 1973 and 1974 there was a deterioration in the terms of trade mainly due to the sharp rise in oil prices, the greater volume increase in exports of 6 per cent compared with just 1 per cent for imports, may be contrasted with the increases in value over this period for exports and imports of 33½ per cent and 41½ per cent respectively.

Combined capital account (Table 11)

Estimates in this table are now shown both unadjusted and in seasonally adjusted form.

Gross domestic fixed capital formation (Tables 13 and 14)

The volume of fixed investment rose by 1 to 1½ per cent in the third quarter following a fall in the second quarter of over 7½ per cent. It is believed that the reported volume of investment in the second quarter understated the underlying level, since, due mainly to the reorganisation of local government, some of the public authorities' capital expenditure had been brought forward from the second to the first quarter of 1974. This distortion to the pattern of expenditure has been allowed for by an adjustment to the normal method of estimating stocks of work in progress in the construction industry in these two quarters. Between the second and third quarters investment by the private sector rose by 1½ per cent, and there was a larger rise in recorded investment by public authorities of over 5 per cent (partly reflecting the distortion mentioned above), but a fall of over 5 per cent in fixed investment by public corporations. Over a longer period between the third quarters of 1973 and 1974, total investment fell by 5 per cent fairly evenly distributed between the private and the public sectors. Within the public sector there was a recorded rise over this period of 2½ per cent in investment by public corporations, but this was more than accounted for by the transfer of the trust ports, Regional Water Authorities and sewage disposal to the public corporations' sector from the second quarter of 1974.

There were small rises in the third quarter in each of the major asset categories, but over a longer period between the third quarters of 1973 and 1974 there was a rise of 1½ per cent in investment in plant and machinery, but falls of about 7½ per cent in vehicles and in other construction, and a substantial drop of over 13 per cent in fixed investment on dwellings. The fall in this last category was almost wholly concentrated in the private sector, which fell by 22 per cent. Over the same period manufacturing investment increased by 8 per cent, although there were falls in all of the other major industry groups, except mining and quarrying, and gas, electricity and water. The fall of nearly 20 per cent in investment by transport and communication was particularly large, despite an erratically high investment in shipping in the third quarter of 1974.

Value of physical increase in stocks and work in progress (Table 15)

There was a further increase in stocks at 1970 prices in the third quarter estimated at £215 million, following a similar increase in the second quarter when stocks had been rebuilt after the run-down in the first quarter during the period of three-day working. The second quarter increase had included an upward adjustment of £65 million at 1970 prices, to allow for the increase in work in progress in the construction industry resulting from the probable bringing forward of some public authorities capital expenditure from the second to the first quarter of 1974. Stocks in manufacturing are estimated to have risen substantially in the third quarter, by £285 million at 1970 prices, where there were large rises in stocks of materials and of work in progress, and a particularly sharp increase of £140 million in stocks of finished goods. In contrast to manufacturing, there were falls in stocks in the retail and wholesale trades and a small net fall in other industries taken together.

Central Statistical Office

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* The tables show annual figures from 1969 and quarterly figures from 1972.

APPENDIX

Expenditure on the gross domestic product

TABLE 1

£ million

	Gross domestic product at factor cost(1)	Final expenditure on goods and services at market prices						Imports of goods and services	Taxes on expenditure	Subsidies
		Total		Consumers' expenditure	Public authorities' current expenditure	Gross domestic fixed capital formation	Value of physical increase in stocks and work in progress	Exports of goods and services		
		Unadjusted	Seasonally adjusted							
At current prices										
1969	39,180	55,794		28,965	8,088	8,449	436	9,856	9,680	7,789	855
1970	42,990	61,395		31,387	9,095	9,237	438	11,238	10,872	8,433	900
1971	48,389	68,126		34,881	10,353	10,179	111	12,602	11,864	8,809	936
1972	54,348	75,910		39,472	11,776	11,429	— 23	13,256	13,438	9,282	1,158
1973	62,188	89,084		44,855	13,270	13,871	574(2)	16,514	18,346	10,006(3)	1,456
1972 1st quarter ..	12,466	17,478	18,056	8,871	2,876	2,775	—150	3,106	3,198	2,162	348
2nd quarter ..	13,375	18,709	18,658	9,710	2,830	2,716	76	3,377	3,264	2,334	264
3rd quarter ..	13,582	18,874	18,940	10,058	2,961	2,813	9	3,033	3,265	2,310	283
4th quarter ..	14,925	20,849	20,256	10,833	3,109	3,125	42	3,740	3,711	2,476	263
1973 1st quarter ..	14,685	20,898	21,564	10,403	3,230	3,398	172	3,695	4,121	2,378	286
2nd quarter ..	15,141	21,445	21,496	10,917	3,190	3,195	84(2)	4,059	4,309	2,338(3)	343
3rd quarter ..	15,728	22,614	22,683	11,385	3,358	3,483	173	4,215	4,685	2,570	369
4th quarter ..	16,634	24,127	23,341	12,150	3,492	3,795	145	4,545	5,231	2,720	458
1974 1st quarter ..	15,343	23,211	24,044	11,289	3,743	3,945	—515	4,749	6,007	2,530	669
2nd quarter ..	16,838	25,789	25,851	12,414	3,667	3,673	526	5,509	6,687	2,849	585
3rd quarter ..	18,575	27,292	27,426	13,011	4,220	3,952	474	5,635	6,709	2,860	852
Revalued at 1970 prices										Adjustment to factor cost(3)	
1969	42,240	59,849		30,649	8,960	9,069	445	10,726	10,357	7,252	
1970	42,990	61,395		31,387	9,095	9,237	438	11,238	10,872	7,533	
1971	43,777	63,037		32,241	9,346	9,319	84	12,027	11,395	7,865	
1972	44,740	65,768		34,179	9,745	9,543	— 39	12,340	12,509	8,519	
1973	47,117	70,040		35,759	10,109	10,004	674	13,494	13,904	9,019	
Unadjusted											
1972 1st quarter ..	10,543	15,557		7,879	2,453	2,409	—133	2,949	3,046	1,968	
2nd quarter ..	11,213	16,466		8,503	2,387	2,312	50	3,214	3,117	2,136	
3rd quarter ..	11,109	16,229		8,672	2,429	2,320	5	2,803	3,010	2,110	
4th quarter ..	11,875	17,516		9,125	2,476	2,502	39	3,374	3,336	2,305	
1973 1st quarter ..	11,407	17,025		8,559	2,517	2,577	158	3,214	3,482	2,136	
2nd quarter ..	11,695	17,326		8,781	2,499	2,340	279	3,427	3,416	2,215	
3rd quarter ..	11,816	17,518		9,005	2,524	2,479	119	3,391	3,456	2,246	
4th quarter ..	12,199	18,171		9,414	2,569	2,608	118	3,462	3,550	2,422	
1974 1st quarter ..	11,009	16,589		8,372	2,580	2,594	—377	3,420	3,477	2,103	
2nd quarter ..	11,845	17,563		8,779	2,500	2,298	297	3,689	3,569	2,149	
3rd quarter ..	11,957	17,736		8,947	2,560	2,351	241	3,637	3,542	2,237	
Seasonally adjusted											
1972 1st quarter ..	11,002	16,136		8,327	2,421	2,386	— 36	3,038	3,053	2,081	
2nd quarter ..	11,169	16,387		8,488	2,408	2,377	— 27	3,141	3,066	2,152	
3rd quarter ..	11,142	16,256		8,623	2,444	2,362	— 13	2,840	3,002	2,112	
4th quarter ..	11,427	16,989		8,741	2,472	2,418	37	3,321	3,388	2,174	
1973 1st quarter ..	11,940	17,631		9,051	2,486	2,551	257	3,286	3,423	2,268	
2nd quarter ..	11,681	17,305		8,796	2,512	2,409	202	3,386	3,382	2,242	
3rd quarter ..	11,786	17,550		8,955	2,539	2,521	94	3,441	3,519	2,245	
4th quarter ..	11,710	17,554		8,957	2,572	2,523	121	3,381	3,580	2,264	
1974 1st quarter ..	11,523	17,289		8,890	2,550	2,561	—260	3,548	3,529	2,237	
2nd quarter ..	11,825	17,555		8,782	2,518	2,366	227	3,662	3,538	2,192	
3rd quarter ..	11,989	17,772		8,925	2,579	2,394	214	3,660	3,549	2,234	

(1) Equals total final expenditure on goods and services at market prices *less* imports of goods and services *less* taxes on expenditure *plus* subsidies. Estimates of the gross domestic product at constant factor cost based on statistics of output and income are given in Tables 3 and 4.

(2) The current price estimates for the second quarter of 1973 include a fall in the book value of stocks of £280 million reflecting tax rebated on the introduction of VAT; the rebate is also included as a deduction from taxes on expenditure and the estimate of gross domestic product at factor cost is thus not affected. (3) This represents taxes on expenditure *less* subsidies valued at constant rates.

Factor incomes in the gross national product

TABLE 2

£ million

	Gross national product	Net property income from abroad	Gross domestic product at factor cost	Factor incomes						less Stock appreciation	Residual error
				Total domestic income (1)	Income from employment (2)	Gross trading profits of companies (1)	Gross trading surplus of public corporations (1)	Gross profits of other public enterprises (1)	Income from rent and self-employment (1)		
1969	39,679	499	39,180	40,065	27,082	5,159	1,451	153	6,220	—745	—140
1970	43,515	525	42,990	44,066	30,254	5,227	1,447	151	6,987	—1,152	76
1971	48,914	525	48,389	48,870	33,484	5,775	1,520	175	7,916	—1,081	600
1972	54,861	513	54,348	55,169	37,486	6,663	1,680	154	9,186	—1,353	532
1973	63,283	1,095	62,188	64,698	42,890	8,476	2,034	160	11,138	—3,111	601
Unadjusted											
1972 1st quarter ..	12,617	151	12,466	12,744	8,777	1,443	370	51	2,103	—249	— 29
2nd quarter ..	13,509	134	13,375	13,569	9,255	1,653	390	41	2,230	—291	97
3rd quarter ..	13,723	141	13,582	13,805	9,428	1,656	385	25	2,311	—382	159
4th quarter ..	15,012	87	14,925	15,051	10,026	1,911	535	37	2,542	—431	305
1973 1st quarter ..	14,850	165	14,685	15,144	10,063	1,953	534	35	2,559	—484	25
2nd quarter ..	15,352	211	15,141	15,960	10,592	2,151	466	39	2,712	—714	—105
3rd quarter ..	16,057	329	15,728	16,210	10,806	2,070	419	43	2,872	—903	421
4th quarter ..	17,024	390	16,634	17,384	11,429	2,302	615	43	2,995	—1,010	260
1974 1st quarter ..	15,679	336	15,343	17,403	11,350	2,447	560	57	2,989	—2,044	— 16
2nd quarter ..	17,159	321	16,838	18,391	12,222	2,436	602	28	3,103	—1,585	32
3rd quarter ..	18,874	299	18,575	19,172	13,224	2,243	534	28	3,143	—1,040	443
Seasonally adjusted											
1972 1st quarter ..	13,093	135	12,958	12,875	8,882	1,513	304	51	2,125	—249	332
2nd quarter ..	13,466	123	13,343	13,564	9,245	1,619	429	41	2,230	—291	70
3rd quarter ..	13,791	118	13,673	14,020	9,483	1,722	477	25	2,313	—382	35
4th quarter ..	14,511	137	14,374	14,710	9,876	1,809	470	37	2,518	—431	95
1973 1st quarter ..	15,508	167	15,341	15,324	10,193	2,047	463	35	2,586	—484	501
2nd quarter ..	15,434	225	15,209	15,937	10,577	2,106	504	39	2,711	—714	— 14
3rd quarter ..	15,993	287	15,706	16,445	10,866	2,147	515	43	2,874	—903	164
4th quarter ..	16,348	416	15,932	16,992	11,254	2,176	552	43	2,967	—1,010	— 50
1974 1st quarter ..	16,319	309	16,010	17,626	11,490	2,560	503	57	3,016	—2,044	428
2nd quarter ..	17,222	287	16,935	18,341	12,202	2,384	626	28	3,101	—1,585	179
3rd quarter ..	18,970	304	18,666	19,425	13,294	2,327	631	28	3,145	—1,040	281

(1) Before providing for depreciation and stock appreciation.
(2) Wages and salaries, Forces' pay and employers' contributions.

Index numbers of output at constant factor cost

TABLE 3

1970=100

	Gross domestic product (1)	Agriculture, forestry and fishing	Industrial production					Transport and communication	Distributive trades	Other services
			Total (2)	Mining and quarrying (2)	Manufacturing (2)	Construction	Gas, electricity and water (2)			
1970 weights	*1,000*	*30*	*439*	*16*	*327*	*64*	*32*	*84*	*104*	*343*
1969	98·4	95	99·7	104·9	99·4	102·0	96·2	96	98	98
1970	100·0	100	100·0	100·0	100·0	100·0	100·0	100	100	100
1971	101·5	106	100·4	99·7	99·6	102·9	103·9	101	101	103
1972	104·7	108	102·4	84·0	102·0	104·5	111·2	106	106	107
1973	109·9	111	109·9	93·6	110·5	107·3	117·8	110	113	109
Seasonally adjusted										
1972 1st quarter ..	101·6	109	97·3	45·5	97·7	105·5	103·4	103	103	106
2nd quarter ..	104·7	108	102·8	96·1	101·6	106·0	112·3	106	105	106
3rd quarter ..	105·4	108	103·6	95·5	102·9	104·0	114·8	106	107	107
4th quarter ..	107·1	108	105·8	98·9	106·0	102·6	114·2	108	110	108
1973 1st quarter ..	109·9	110	109·9	99·6	109·9	110·3	114·6	108	114	109
2nd quarter ..	109·3	110	109·6	96·2	110·1	106·1	118·7	110	110	109
3rd quarter ..	110·5	112	110·7	94·7	111·4	107·5	117·4	110	113	109
4th quarter ..	110·1	113	109·4	84·1	110·4	105·5	120·6	111	113	110
1974 1st quarter ..	107·0	112	103·4	58·2	105·5	101·7	107·7	108	111	110
2nd quarter ..	109·1	114	107·8	90·8	109·3	99·5	118·0	111	109	110
3rd quarter ..	110·3	116	109·0	93·1	110·6	98·0	123·0	112	113	110

(1) Alternative estimates of the gross domestic product are given in Table 4.
(2) Monthly figures and figures for individual manufacturing industries are given in Table 50 of the *Monthly Digest of Statistics*.

Gross domestic product at factor cost (1)

TABLE 4

1970=100

	At current prices		At 1970 prices			
	Based on expenditure data	Based on income data	Based on expenditure data	Based on income data(2)	Based on output data	Average estimate
1969	91·5	91·7	98·5	98·8	98·4	98·5
1970	100·0	100·0	100·0	100·0	100·0	100·0
1971	112·6	111·4	101·8	100·7	101·5	101·4
1972	126·4	125·4	104·1	103·2	104·7	104·0
1973	144·7	143·5	109·9	108·7	109·9	109·4
Seasonally adjusted						
1972 1st quarter	120·6	117·7	102·4	99·9	101·6	101·3
2nd quarter	124·1	123·7	103·9	103·6	104·7	104·1
3rd quarter	127·2	127·1	103·7	103·7	105·4	104·2
4th quarter	133·7	133·1	106·3	105·8	107·1	106·4
1973 1st quarter	142·7	138·3	111·1	107·7	109·9	109·6
2nd quarter	141·5	141·9	108·7	109·0	109·3	109·0
3rd quarter	146·1	144·9	109·7	108·7	110·5	109·6
4th quarter	148·2	149·0	109·0	109·5	110·1	109·5
1974 1st quarter	149·0	145·2	107·2	104·5	107·0	106·2
2nd quarter	157·6	156·2	110·0	109·1	109·1	109·4
3rd quarter	173·7	171·4	111·6	110·1	110·3	110·6

(1) These estimates are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
(2) Income data deflated by the price index implied by estimates based on expenditure data.

Personal income, expenditure and saving

TABLE 5

£ million

	Personal income before tax						Transfers abroad (net) and taxes paid abroad	UK taxes on income (payments) (3)	National insurance, etc. contributions	Total personal disposable income (6) (7)	Consumers' expenditure	Balance: personal saving (7) (8)		Personal disposable income at 1970 prices(9)
	Total (1)	Wages and salaries	Forces' pay	Employers' contributions (2)	Current grants from public authorities(3)	Other personal income (4)								
1969..	38,959	24,110	539	2,433	3,937	7,940	71	5,139	2,244	31,505	28,965	2,540	*8·1*	33,337
1970..	43,042	26,830	658	2,766	4,336	8,452	57	5,850	2,654	34,481	31,387	3,094	*9·0*	34,481
1971..	47,613	29,675	758	3,051	4,784	9,345	35	6,424	2,835	38,319	34,881	3,438	*9·0*	35,419
1972..	53,717	33,085	862	3,539	5,847	10,384	79	6,646	3,333	43,659	39,472	4,187	*9·6*	37,805
1973..	61,969	37,750	928	4,212	6,455	12,624	138	7,782	3,926	50,123	44,855	5,268	*10·5*	39,959
Unadjusted														
1972 1st quarter ..	12,666	7,740	199	838	1,399	2,490	15	1,873	794	9,984	8,871	1,113	*11·1*	8,865
2nd quarter ..	13,337	8,180	207	868	1,433	2,649	18	1,613	824	10,882	9,710	1,172	*10·8*	9,527
3rd quarter ..	13,428	8,305	231	892	1,400	2,600	22	1,608	835	10,963	10,058	905	*8·3*	9,450
4th quarter ..	14,286	8,860	225	941	1,615	2,645	24	1,552	880	11,830	10,833	997	*8·4*	9,963
1973 1st quarter ..	14,651	8,850	222	991	1,592	2,996	35	1,994	944	11,678	10,403	1,275	*10·9*	9,606
2nd quarter ..	15,317	9,365	215	1,012	1,568	3,157	45	1,937	944	12,391	10,917	1,474	*11·9*	9,965
3rd quarter ..	15,675	9,485	257	1,064	1,533	3,336	25	1,955	992	12,703	11,385	1,318	*10·4*	10,045
4th quarter ..	16,326	10,050	234	1,145	1,762	3,135	33	1,896	1,046	13,351	12,150	1,201	*9·0*	10,343
1974 1st quarter ..	16,689	9,900	234	1,216	1,798	3,541	28	2,354	1,117	13,190	11,289	1,901	*14·4*	9,782
2nd quarter ..	17,483	10,740	230	1,252	1,812	3,449	24	2,517	1,124	13,818	12,414	1,404	*10·2*	9,772
3rd quarter ..	19,009	11,505	321	1,398	2,005	3,780	30	2,766	1,303	14,910	13,011	1,899	*12·7*	10,253
Seasonally adjusted														
1972 1st quarter ..	12,692	7,845	199	838	1,347	2,463	15	1,741	794	10,142	9,357	785	*7·7*	9,027
2nd quarter ..	13,333	8,170	207	868	1,433	2,655	18	1,589	824	10,902	9,692	1,210	*11·1*	9,549
3rd quarter ..	13,501	8,360	231	892	1,464	2,554	22	1,623	835	11,021	10,022	999	*9·1*	9,484
4th quarter ..	14,191	8,710	225	941	1,603	2,712	24	1,693	880	11,594	10,401	1,193	*10·3*	9,745
1973 1st quarter ..	14,702	8,980	222	991	1,538	2,971	35	1,847	944	11,876	10,993	883	*7·4*	9,781
2nd quarter ..	15,318	9,350	215	1,012	1,573	3,168	45	1,935	944	12,394	10,939	1,455	*11·7*	9,969
3rd quarter ..	15,757	9,545	257	1,064	1,613	3,278	25	1,961	992	12,779	11,319	1,460	*11·4*	10,114
4th quarter ..	16,192	9,875	234	1,145	1,731	3,207	33	2,039	1,046	13,074	11,604	1,470	*11·2*	10,095
1974 1st quarter ..	16,717	10,040	234	1,216	1,750	3,477	28	2,205	1,117	13,367	11,984	1,383	*10·3*	9,916
2nd quarter ..	17,535	10,720	230	1,252	1,818	3,515	24	2,488	1,124	13,899	12,409	1,490	*10·7*	9,836
3rd quarter ..	19,033	11,575	321	1,398	2,087	3,652	30	2,771	1,303	14,929	12,973	1,956	*13·1*	10,271

(1) Before providing for depreciation and stock appreciation.
(2) Employers' contributions to national insurance, etc. and pension funds.
(3) National insurance benefits, family allowances, assistance grants, war pensions and service grants, etc.
(4) Income from rent and self-employment, before providing for depreciation and stock appreciation, dividend and net interest receipts, and transfers to charities from companies. From the second quarter of 1973 includes tax credits on dividends.
(5) From the second quarter of 1973 includes imputed tax payments set against tax credits on dividends *less* payments of these tax credits by the Inland Revenue.
(6) Equals total personal income before tax *less* payments of taxes on income, national insurance, etc. contributions, and net transfers abroad.
(7) Before providing for depreciation, stock appreciation and additions to tax reserves.
(8) Personal saving as a percentage of personal disposable income is shown in italics.
(9) Personal disposable income revalued by the implied consumers' expenditure deflator (1970=100).

Appropriation account of companies

TABLE 6 — £ million

	Total	Income					Allocation of income					
		Income arising in the United Kingdom				Income from abroad	Dividends and interest, etc.		Profits due abroad	Taxes paid abroad	United Kingdom taxes on income (payments) (3)	Balance: undistributed income(4)
		Gross trading profits			Rent and non-trading income		Payments of dividends on ordinary shares (2)	Other				
		After deducting stock appreciation	Stock appreciation	Total(1)								
1969	9,116	4,550	609	5,159	1,905	2,052	1,601	1,741	290	838	1,177	3,469
1970	9,614	4,320	907	5,227	2,132	2,255	1,453	1,890	359	996	1,567	3,349
1971	10,815	4,923	852	5,775	2,452	2,588	1,621	2,024	453	1,282	1,554	3,881
1972	12,559	5,558	1,105	6,663	2,936	2,960	1,603	2,280	600	1,527	1,475	5,074
1973	17,034	5,960	2,516	8,476	4,135	4,423	1,675	3,333	670	2,145	1,753	7,458
Unadjusted												
1972 1st quarter ..	2,810	1,248	195	1,443	666	701	359	497	133	360	1,277	184
2nd quarter ..	3,053	1,411	242	1,653	688	712	596	546	159	351	109	1,292
3rd quarter ..	3,143	1,333	323	1,656	768	719	365	574	132	377	115	1,580
4th quarter ..	3,553	1,566	345	1,911	814	828	283	663	176	439	— 26	2,018
1973 1st quarter ..	3,790	1,556	397	1,953	909	928	472	704	188	459	1,283	684
2nd quarter ..	4,062	1,603	548	2,151	939	972	590	774	194	454	66	1,984
3rd quarter ..	4,212	1,315	755	2,070	1,070	1,072	330	848	119	513	242	2,160
4th quarter ..	4,970	1,486	816	2,302	1,217	1,451	283	1,007	169	719	162	2,630
1974 1st quarter ..	5,361	684	1,763	2,447	1,273	1,641	392	1,022	202	926	1,574	1,245
2nd quarter ..	5,412	1,134	1,302	2,436	1,283	1,693	477	1,061	154	1,022	94	2,604
3rd quarter ..	5,084	1,421	822	2,243	1,322	1,519	414	1,100	114	910	471	2,075
Seasonally adjusted												
1972 1st quarter ..	2,882	1,318	195	1,513	668	701	437	507	139	356	372	1,071
2nd quarter ..	3,017	1,377	242	1,619	705	693	475	537	148	351	438	1,068
3rd quarter ..	3,229	1,399	323	1,722	763	744	400	588	156	389	308	1,388
4th quarter ..	3,431	1,464	345	1,809	800	822	291	648	157	431	357	1,547
1973 1st quarter ..	3,886	1,650	397	2,047	911	928	548	712	181	454	334	1,657
2nd quarter ..	4,034	1,558	548	2,106	965	963	495	774	162	458	386	1,759
3rd quarter ..	4,310	1,392	755	2,147	1,062	1,101	349	862	159	531	466	1,943
4th quarter ..	4,804	1,360	816	2,176	1,197	1,431	283	985	168	702	567	2,099
1974 1st quarter ..	5,452	797	1,763	2,560	1,274	1,618	443	1,023	207	914	531	2,334
2nd quarter ..	5,375	1,082	1,302	2,384	1,317	1,674	403	1,068	152	1,030	526	2,196
3rd quarter ..	5,205	1,505	822	2,327	1,299	1,579	426	1,113	127	939	604	1,996

(1) Before providing for depreciation and stock appreciation.
(2) With the introduction of the imputation system of corporation tax from 6 April 1973 payments of dividends, previously shown gross of income tax, appear as actual payments, while the advance corporation tax in respect of those dividends is included in United Kingdom taxes on income.
(3) Payments of corporation tax (including advance corporation tax) *less* increases in balance of deductions of income tax, from interest payments and from wages and salaries under PAYE, over payments to the Inland Revenue. Up to 5 April 1973 the balance of deductions of income tax from dividends over payments to the Inland Revenue is also deducted. In the third quarter of 1974 the amount of advance corporation tax included was £205 million, as well as £185 million of ACT addition.
(4) Before providing for depreciation, stock appreciation and additions to reserves.

Appropriation account of public corporations (1)

TABLE 7

£ million

	Total	Income			Allocation of income		
		Gross trading surplus (2)	Rent and non-trading income	Income from abroad	Interest payments	United Kingdom taxes on income (payments)(3)	Balance: undistributed income (4)
1969	1,610	1,451	144	15	722	8	880
1970	1,625	1,447	164	14	779	10	836
1971	1,706	1,520	172	14	864	8	834
1972	1,913	1,680	216	17	925	7	981
1973	2,387	2,034	333	20	1,126	9	1,252
Unadjusted							
1972 1st quarter	420	370	46	4	265	7	148
2nd quarter	446	390	52	4	187	—	259
3rd quarter	447	385	58	4	283	—	164
4th quarter	600	535	60	5	190	—	410
1973 1st quarter	610	534	71	5	339	9	262
2nd quarter	543	466	72	5	191	—	352
3rd quarter	514	419	90	5	360	—	154
4th quarter	720	615	100	5	236	—	484
1974 1st quarter	662	560	97	5	446	10	206
2nd quarter	694	602	87	5	251	—	443
3rd quarter	636	534	97	5	459	—	177
Seasonally adjusted							
1972 1st quarter	354	304	46	4	223	2	129
2nd quarter	485	429	52	4	230	1	254
3rd quarter	539	477	58	4	233	2	304
4th quarter	535	470	60	5	239	2	294
1973 1st quarter	539	463	71	5	257	2	280
2nd quarter	581	504	72	5	268	2	311
3rd quarter	610	515	90	5	287	2	321
4th quarter	657	552	100	5	314	3	340
1974 1st quarter	605	503	97	5	343	2	260
2nd quarter	718	626	87	5	360	3	355
3rd quarter	733	631	97	5	377	2	354

(1) Including, from the second quarter of 1974, Regional Water Authorities and trust ports.
(2) Before providing for depreciation and stock appreciation.
(3) Payments to Inland Revenue *less* amounts deducted from dividends and interest paid.
(4) Before providing for depreciation, stock appreciation and additions to reserves.

Current account of central government including National Insurance Funds

TABLE 8 — Receipts — £ million

	Total	Gross trading surplus (1)	Rent, dividends and interest	Taxes on income (2)	Taxes on expenditure		National insurance contributions	National health contributions	Redundancy Fund contributions
					Selective employment tax	Other taxes			
1969	15,825	40	1,089	6,330	766	5,356	2,005	186	53
1970	17,971	35	1,240	7,433	850	5,759	2,394	208	52
1971	19,022	42	1,431	7,992	666	6,056	2,547	236	52
1972	19,982	9	1,600	8,135	449	6,456	3,048	233	52
1973	22,204	6	1,740	9,143	132	7,257(3)	3,636	237	53
Unadjusted									
1972 1st quarter ..	6,054	14	428	3,206	108	1,504	724	57	13
2nd quarter ..	4,662	5	369	1,735	113	1,616	752	59	13
3rd quarter ..	4,633	—11	426	1,682	114	1,587	764	58	13
4th quarter ..	4,633	1	377	1,512	114	1,749	808	59	13
1973 1st quarter ..	6,516	— 3	487	3,328	114	1,646	872	59	13
2nd quarter ..	4,873	1	376	1,878	18	1,656(3)	872	59	13
3rd quarter ..	5,378	5	479	1,999	—	1,903	920	59	13
4th quarter ..	5,437	3	398	1,938	—	2,052	972	60	14
1974 1st quarter ..	7,412	16	640	3,780	—	1,859	1,045	59	13
2nd quarter ..	6,032	8	400	2,422	—	2,078	1,053	58	13
3rd quarter ..	6,998	8	570	3,030	—	2,087	1,227	62	14
Seasonally adjusted									
1972 1st quarter ..	5,025	14	386	2,117	108	1,606	724	57	13
2nd quarter ..	4,995	5	394	2,029	113	1,630	752	59	13
3rd quarter ..	4,866	—11	403	1,935	114	1,590	764	58	13
4th quarter ..	5,096	1	417	2,054	114	1,630	808	59	13
1973 1st quarter ..	5,421	— 3	421	2,185	114	1,760	872	59	13
2nd quarter ..	5,235	1	430	2,178	18	1,664(3)	872	59	13
3rd quarter ..	5,624	5	428	2,284	—	1,915	920	59	13
4th quarter ..	5,924	3	461	2,496	—	1,918	972	60	14
1974 1st quarter ..	6,163	16	513	2,532	—	1,985	1,045	59	13
2nd quarter ..	6,565	8	508	2,843	—	2,082	1,053	58	13
3rd quarter ..	7,134	8	511	3,205	—	2,107	1,227	62	14

(1) Before providing for depreciation and stock appreciation.
(2) Tax receipts *less* tax credits.
(3) See footnote (2) to Table 1.

Current account of central government including National Insurance Funds

TABLE 8 (*continued*) — Expenditure — £ million

	Total	Total current expenditure	Current expenditure on goods and services				Subsidies	National insurance benefits	Other current grants to personal sector	Debt interest	Current grants to local authorities	Current grants paid abroad	Balance: current surplus (2)
			Total	Military defence	National health service(1)	Other							
1969	15,825	12,943	4,854	2,255	1,493	1,106	744	2,429	1,360	1,280	2,099	177	2,882
1970	17,971	14,287	5,409	2,420	1,725	1,264	784	2,715	1,459	1,298	2,450	172	3,684
1971	19,022	16,037	6,142	2,712	1,949	1,481	841	2,926	1,686	1,384	2,858	200	2,985
1972	19,982	18,692	6,894	3,015	2,240	1,639	1,098	3,483	2,114	1,599	3,302	202	1,290
1973	22,204	21,251	7,653	3,316	2,497	1,840	1,351	3,927	2,073	1,801	4,099	347	953
Unadjusted													
1972 1st quarter	6,054	4,729	1,726	730	559	437	326	886	449	440	838	64	1,325
2nd quarter	4,662	4,490	1,633	725	533	375	251	826	537	347	845	51	172
3rd quarter	4,633	4,585	1,726	764	557	405	274	826	520	413	780	46	48
4th quarter	4,633	4,888	1,809	796	591	422	247	945	608	399	839	41	—255
1973 1st quarter	6,516	5,216	1,894	794	606	494	271	944	516	469	1,024	98	1,300
2nd quarter	4,873	5,103	1,815	803	595	417	320	923	514	352	1,066	113	—230
3rd quarter	5,378	5,269	1,937	847	641	449	333	919	504	533	972	71	109
4th quarter	5,437	5,663	2,007	872	655	480	427	1,141	539	447	1,037	65	—226
1974 1st quarter	7,412	6,368	2,206	925	710	571	639	1,094	563	583	1,177	106	1,044
2nd quarter	6,032	6,044	2,170	850	769	551	544	1,065	613	398	1,179	75	— 12
3rd quarter	6,998	7,140	2,577	1,042	897	638	804	1,282	606	636	1,180	55	—142
Seasonally adjusted													
1972 1st quarter	5,025	4,572	1,673	729	540	404	327	854	448	373	849	48	453
2nd quarter	4,995	4,634	1,678	737	547	394	253	846	534	435	834	54	361
3rd quarter	4,866	4,622	1,734	763	558	413	278	869	534	366	789	52	244
4th quarter	5,096	4,864	1,809	786	595	428	240	914	598	425	830	48	232
1973 1st quarter	5,421	5,071	1,830	793	584	453	270	912	516	426	1,034	83	350
2nd quarter	5,235	5,218	1,867	816	611	440	323	949	510	397	1,057	115	17
3rd quarter	5,624	5,334	1,947	846	642	459	338	974	521	503	973	78	290
4th quarter	5,924	5,628	2,009	861	660	488	420	1,092	526	475	1,035	71	296
1974 1st quarter	6,163	6,175	2,129	924	683	522	640	1,070	563	498	1,185	90	— 12
2nd quarter	6,565	6,236	2,237	864	790	583	547	1,091	606	513	1,166	76	329
3rd quarter	7,134	7,156	2,592	1,040	900	652	819	1,335	626	539	1,184	61	— 22

(1) Including, from the second quarter of 1974, health services transferred from local authorities.
(2) Before providing for depreciation and stock appreciation.

Current account of local authorities (1)

TABLE 9

£ million

	Receipts						Expenditure							
				Rates				Current expenditure on goods and services						
	Total	Gross trading surplus (2)	Rent, dividends and interest	Cash receipts	Accruals adjustment	Current grants from central government	Total current expenditure	Education	Other	Subsidies	Current grants to personal sector	Debt interest	Taxes on income (payments) (3)	Balance: current surplus (2)
1969..	4,871	113	992	1,662	5	2,099	4,423	1,562	1,672	111	148	930	—	448
1970..	5,505	116	1,115	1,842	— 18	2,450	5,032	1,777	1,909	116	162	1,068	—	473
1971..	6,265	133	1,187	2,120	— 33	2,858	5,582	2,032	2,179	95	172	1,104	—	683
1972..	7,123	145	1,299	2,442	— 65	3,302	6,356	2,400	2,482	60	250	1,164	—	767
1973..	8,406	154	1,536	2,502	115	4,099	7,580	2,764	2,853	105	455	1,403	—	826
Unadjusted														
1972 1st quarter ..	1,731	37	306	409	141	838	1,612	562	588	22	64	329	47	119
2nd quarter ..	1,807	36	321	741	—136	845	1,533	597	600	13	70	241	12	274
3rd quarter ..	1,755	36	330	479	130	780	1,560	603	632	9	54	305	—43	195
4th quarter ..	1,830	36	342	813	—200	839	1,651	638	662	16	62	289	—16	179
1973 1st quarter ..	2,030	38	350	412	206	1,024	1,910	654	682	15	132	387	40	120
2nd quarter ..	2,142	38	374	673	— 9	1,066	1,815	681	694	23	131	272	14	327
3rd quarter ..	2,075	38	398	579	88	972	1,909	697	724	36	110	395	—53	166
4th quarter ..	2,159	40	414	838	—170	1,037	1,946	732	753	31	82	349	— 1	213
1974 1st quarter(4)	2,309	41	420	580	91	1,177	2,265	742	795	30	141	532	25	43
2nd quarter(4)	2,382	20	412	712	59	1,179	2,019	779	718	41	134	331	16	363
3rd quarter ..	2,402	20	429	817	— 44	1,180	2,241	829	814	48	117	473	—40	161
Seasonally adjusted														
1972 1st quarter ..	1,742	37	306	550		849	1,482	556	589	17	45	275	—	260
2nd quarter ..	1,796	36	321	605		834	1,555	595	603	13	53	291	—	241
3rd quarter ..	1,764	36	330	609		789	1,606	612	629	15	61	289	—	158
4th quarter ..	1,821	36	342	613		830	1,713	637	661	15	91	309	—	108
1973 1st quarter ..	2,040	38	350	618		1,034	1,783	649	683	19	110	322	—	257
2nd quarter ..	2,133	38	374	664		1,057	1,847	677	697	23	114	336	—	286
3rd quarter ..	2,076	38	398	667		973	1,932	707	720	28	118	359	—	144
4th quarter ..	2,157	40	414	668		1,035	2,018	731	753	35	113	386	—	139
1974 1st quarter(4)	2,317	41	420	671		1,185	2,133	737	796	44	117	439	—	184
2nd quarter(4)	2,369	20	412	771		1,166	2,085	774	722	44	121	424	—	284
3rd quarter ..	2,406	20	429	773		1,184	2,241	841	808	43	126	423	—	165

(1) Figures from the second quarter of 1974 onwards exclude water and sewerage in England and Wales and trust ports (transferred to the public corporations sector) and health (transferred to the central government sector).
(2) Before providing for depreciation and stock appreciation.
(3) Payments to Inland Revenue less amounts deducted from interest paid.
(4) Most of the figures for these two quarters are very much less reliable than usual because of low response to the quarterly enquiries.

International transactions

Exports and imports of goods and services revalued at 1970 prices

TABLE 10

£ million

	Exports				Imports			
	Unadjusted		Seasonally adjusted		Unadjusted		Seasonally adjusted	
	Goods	Services	Goods	Services	Goods	Services	Goods	Services
1969	7,638	3,088	7,638	3,088	7,471	2,886	7,471	2,886
1970	7,893	3,345	7,893	3,345	7,902	2,970	7,902	2,970
1971	8,422	3,605	8,422	3,605	8,234	3,161	8,234	3,161
1972	8,422	3,918	8,422	3,918	9,198	3,311	9,198	3,311
1973	9,408	4,086	9,408	4,086	10,391	3,513	10,391	3,513
1972 1st quarter	2,041	908	2,065	973	2,262	784	2,211	842
2nd quarter	2,235	979	2,149	992	2,322	795	2,254	812
3rd quarter	1,741	1,062	1,863	977	2,087	923	2,189	813
4th quarter	2,405	969	2,345	976	2,527	809	2,544	844
1973 1st quarter	2,285	929	2,302	984	2,658	824	2,547	876
2nd quarter	2,410	1,017	2,350	1,036	2,553	863	2,505	877
3rd quarter	2,254	1,137	2,395	1,046	2,474	982	2,630	889
4th quarter	2,459	1,003	2,361	1,020	2,706	844	2,709	871
1974 1st quarter	2,425	995	2,486	1,062	2,663	814	2,655	874
2nd quarter	2,630	1,059	2,581	1,081	2,712	857	2,669	869
3rd quarter	2,482	1,155	2,597	1,063	2,566	976	2,657	892

TABLE 10 *(continued)* **United Kingdom credits** £ million

	Total credits	Exports and property income from abroad				Current transfers to personal sector
		Exports of goods(1)	Exports of services	Property income from abroad	United Kingdom taxes paid by non-residents	
1969	12,407	7,063	2,793	2,198	172	181
1970	14,140	7,893	3,345	2,433	277	192
1971	15,886	8,796	3,806	2,799	270	215
1972	16,981	9,134	4,122	3,238	256	231
1973	21,859	11,455	5,059	4,723	327	295
Unadjusted						
1972 1st quarter	3,990	2,170	936	770	57	57
2nd quarter	4,284	2,385	992	783	67	57
3rd quarter	3,938	1,902	1,131	790	57	58
4th quarter	4,769	2,677	1,063	895	75	59
1973 1st quarter	4,843	2,626	1,069	991	93	64
2nd quarter	5,265	2,854	1,205	1,041	94	71
3rd quarter	5,501	2,790	1,425	1,151	58	77
4th quarter	6,250	3,185	1,360	1,540	82	83
1974 1st quarter	6,658	3,346	1,403	1,726	98	85
2nd quarter	7,469	3,981	1,528	1,778	97	85
3rd quarter	7,408	3,926	1,709	1,611	72	90
Seasonally adjusted						
1972 1st quarter	4,072	2,177	1,007	771	60	57
2nd quarter	4,180	2,293	1,005	763	62	57
3rd quarter	4,029	2,052	1,035	817	67	58
4th quarter	4,700	2,612	1,075	887	67	59
1973 1st quarter	4,920	2,633	1,140	993	90	64
2nd quarter	5,200	2,794	1,225	1,031	79	71
3rd quarter	5,635	2,988	1,311	1,182	77	77
4th quarter	6,104	3,040	1,383	1,517	81	83
1974 1st quarter	6,791	3,408	1,493	1,705	100	85
2nd quarter	7,407	3,912	1,559	1,755	96	85
3rd quarter	7,583	4,173	1,568	1,672	80	90

(1) On a balance of payments basis.

TABLE 10 (*continued*) **United Kingdom debits** £ million

	Total	Total debits	Imports and property income paid abroad				Current transfers		Balance: net investment and capital transfers abroad (3)
			Imports of goods (1)	Imports of services	Property income paid abroad	Foreign taxes paid by United Kingdom residents	From personal sector	From central government (2)	
1969	12,407	11,958	7,206	2,474	1,011	860	230	177	449
1970	14,140	13,455	7,902	2,970	1,166	1,019	226	172	685
1971	15,886	14,836	8,511	3,353	1,240	1,304	228	200	1,050
1972	16,981	16,909	9,811	3,627	1,432	1,549	288	202	72
1973	21,859	23,057	13,810	4,536	1,786	2,169	409	347	—1,198
Unadjusted									
1972 1st quarter ..	3,990	4,004	2,379	819	310	366	66	64	— 14
2nd quarter ..	4,284	4,101	2,413	851	360	356	70	51	183
3rd quarter ..	3,938	4,091	2,233	1,032	323	383	74	46	—153
4th quarter ..	4,769	4,713	2,786	925	439	444	78	41	56
1973 1st quarter ..	4,843	5,231	3,156	965	454	465	93	98	—388
2nd quarter ..	5,265	5,456	3,235	1,074	464	460	110	113	—191
3rd quarter ..	5,501	5,732	3,381	1,304	361	519	96	71	—231
4th quarter ..	6,250	6,638	4,038	1,193	507	725	110	65	—388
1974 1st quarter ..	6,658	7,708	4,726	1,281	556	932	107	106	—1,050
2nd quarter ..	7,469	8,419	5,328	1,359	526	1,028	103	75	—950
3rd quarter ..	7,408	8,261	5,144	1,565	467	917	113	55	—853
Seasonally adjusted									
1972 1st quarter ..	4,072	3,988	2,298	880	334	362	66	48	84
2nd quarter ..	4,180	4,059	2,357	876	346	356	70	54	121
3rd quarter ..	4,029	4,139	2,336	911	371	395	74	52	—110
4th quarter ..	4,700	4,723	2,820	960	381	436	78	48	— 23
1973 1st quarter ..	4,920	5,112	2,984	1,036	456	460	93	83	—192
2nd quarter ..	5,200	5,397	3,193	1,094	421	464	110	115	—197
3rd quarter ..	5,635	5,907	3,590	1,171	435	537	96	78	—272
4th quarter ..	6,104	6,641	4,043	1,235	474	708	110	71	—537
1974 1st quarter ..	6,791	7,755	4,687	1,375	576	920	107	90	—964
2nd quarter ..	7,407	8,397	5,275	1,379	528	1,036	103	76	—990
3rd quarter ..	7,583	8,364	5,335	1,407	502	946	113	61	—781

(1) On a balance of payments basis.
(2) From the beginning of 1973 net of receipts from the EEC.
(3) Equal to the current balance in the balance of payments accounts.

Combined capital account

TABLE 11 — **Receipts** — £ million

	Total	Saving(1)						less Stock appreciation	Residual error
		Total	Personal sector	Companies	Public corporations	Central government	Local authorities		
1969	9,334	10,219	2,540	3,469	880	2,882	448	—745	—140
1970	10,360	11,436	3,094	3,349	836	3,684	473	—1,152	76
1971	11,340	11,821	3,438	3,881	834	2,985	683	—1,081	600
1972	11,478	12,299	4,187	5,074	981	1,290	767	—1,353	532
1973	13,247	15,757	5,268	7,458	1,252	953	826	—3,111	601
Unadjusted									
1972 1st quarter ..	2,611	2,889	1,113	184	148	1,325	119	—249	— 29
2nd quarter ..	2,975	3,169	1,172	1,292	259	172	274	—291	97
3rd quarter ..	2,669	2,892	905	1,580	164	48	195	—382	159
4th quarter ..	3,223	3,349	997	2,018	410	—255	179	—431	305
1973 1st quarter ..	3,182	3,641	1,275	684	262	1,300	120	—484	25
2nd quarter ..	3,088	3,907	1,474	1,984	352	—230	327	—714	—105
3rd quarter ..	3,425	3,907	1,318	2,160	154	109	166	—903	421
4th quarter ..	3,552	4,302	1,201	2,630	484	—226	213	—1,010	260
1974 1st quarter ..	2,380	4,440	1,901	1,245	206	1,044	44(2)	—2,044	— 16
2nd quarter ..	3,249	4,802	1,404	2,604	443	— 12	363(2)	—1,585	32
3rd quarter ..	3,573	4,170	1,899	2,075	177	—142	161	—1,040	443
Seasonally adjusted									
1972 1st quarter ..	2,781	2,698	785	1,071	129	453	260	—249	332
2nd quarter ..	2,913	3,134	1,210	1,068	254	361	241	—291	70
3rd quarter ..	2,746	3,093	999	1,388	304	244	158	—382	35
4th quarter ..	3,038	3,374	1,193	1,547	294	232	108	—431	95
1973 1st quarter ..	3,444	3,427	883	1,657	280	350	257	—484	501
2nd quarter ..	3,100	3,828	1,455	1,759	311	17	286	—714	— 14
3rd quarter ..	3,419	4,158	1,460	1,943	321	290	144	—903	164
4th quarter ..	3,284	4,344	1,470	2,099	340	296	139	—1,010	— 50
1974 1st quarter ..	2,533	4,149	1,383	2,334	260	— 12	184(2)	—2,044	428
2nd quarter ..	3,248	4,654	1,490	2,196	355	329	284(2)	—1,585	179
3rd quarter ..	3,690	4,449	1,956	1,996	354	— 22	165	—1,040	281

(1) Before providing for depreciation, stock appreciation and additions to reserves.
(2) These figures are very much less reliable than usual because of low response by the local authorities to the quarterly enquiries.

Combined capital account

TABLE 11 *(continued)* — Payments — £ million

	Total	Gross domestic fixed capital formation						Value of physical increase in stocks and work in progress	Balance: net investment and capital transfers abroad(1)
		Total	Personal sector	Companies	Public corporations	Central government	Local authorities		
1969	9,334	8,449	1,147	3,577	1,482	486	1,757	436	449
1970	10,360	9,237	1,161	3,976	1,673	576	1,851	438	685
1971	11,340	10,179	1,722	4,039	1,857	601	1,960	111	1,050
1972	11,478	11,429	2,350	4,424	1,776	643	2,236	— 23	72
1973	13,247	13,871	2,426	5,888	2,029	773	2,755	574(3)	—1,198
Unadjusted									
1972 1st quarter ..	2,611	2,775	504	992	521	172	586	—150	— 14
2nd quarter ..	2,975	2,716	643	1,030	402	144	497	76	183
3rd quarter ..	2,669	2,813	580	1,096	421	167	549	9	—153
4th quarter ..	3,223	3,125	623	1,306	432	160	604	42	56
1973 1st quarter ..	3,182	3,398	623	1,323	567	209	676	172	—388
2nd quarter ..	3,088	3,195	629	1,367	433	162	604	84(3)	—191
3rd quarter ..	3,425	3,483	634	1,458	489	195	707	173	—231
4th quarter ..	3,552	3,795	540	1,740	540	207	768	145	—388
1974 1st quarter ..	2,380	3,945	479	1,561	610	270	1,025(3)	—515	—1,050
2nd quarter ..	3,249	3,673	517	1,706	598	197	655(3)	526	— 950
3rd quarter ..	3,573	3,952	529	1,797	618	234	774	474	— 853
Seasonally adjusted									
1972 1st quarter ..	2,781	2,750	550	1,005	473	155	567	— 53	84
2nd quarter ..	2,913	2,793	598	1,066	437	159	533	— 1	121
3rd quarter ..	2,746	2,865	557	1,147	441	168	552	— 9	—110
4th quarter ..	3,038	3,021	645	1,206	425	161	584	40	— 23
1973 1st quarter ..	3,444	3,365	677	1,332	514	190	652	271	—192
2nd quarter ..	3,100	3,290	581	1,414	470	178	647	7	—197
3rd quarter ..	3,419	3,543	610	1,517	508	196	712	148	—272
4th quarter ..	3,284	3,673	558	1,625	537	209	744	148	—537
1974 1st quarter ..	2,533	3,895	522	1,581	560	240	992(3)	—398	—964
2nd quarter ..	3,248	3,782	478	1,742	646	219	697(3)	456	—990
3rd quarter ..	3,690	4,024	511	1,838	656	240	779	447	—781

(1) Equal to the current balance in the balance of payment accounts.
(2) See footnote (2) to Table 1.
(3) These figures are very much less reliable than usual because of low response by the local authorities to the quarterly enquiries.

Consumers' expenditure

TABLE 12

£ million

	Total	Food (household expenditure)	Alcoholic drink		Tobacco	Housing	Fuel and light	Clothing		Durable goods				Other goods	Other services
			Beer	Wines, spirits, etc.				Footwear	Other	Total	Cars and motor cycles	Furniture and floor coverings	Radio and electrical goods, etc.		
At current prices															
1969 ..	28,965	5,970	1,201	828	1,694	3,757	1,429	410	2,037	2,034	800	641	593	4,384	5,221
1970 ..	31,387	6,365	1,355	956	1,720	4,140	1,495	449	2,217	2,322	969	683	670	4,732	5,636
1971 ..	34,881	6,964	1,526	1,089	1,691	4,660	1,618	483	2,390	2,927	1,368	769	790	5,267	6,266
1972 ..	39,472	7,423	1,671	1,301	1,808	5,399	1,798	547	2,732	3,585	1,716	894	975	6,014	7,194
1973 ..	44,855	8,460	1,840	1,696	1,945	6,190	1,891	622	3,152	4,012	1,886	1,013	1,113	6,840	8,207
1972 1st qtr.	8,871	1,803	349	209	413	1,236	527	106	540	815	403	195	217	1,310	1,563
2nd qtr.	9,710	1,810	421	285	469	1,360	435	131	639	914	500	205	209	1,452	1,794
3rd qtr.	10,058	1,855	455	306	467	1,348	350	135	660	913	446	223	244	1,548	2,021
4th qtr.	10,833	1,955	446	501	459	1,455	486	175	893	943	367	271	305	1,704	1,816
1973 1st qtr.	10,403	2,001	377	266	435	1,537	582	134	668	1,086	556	263	267	1,530	1,787
2nd qtr.	10,917	2,055	463	377	507	1,526	445	149	731	972	523	217	232	1,644	2,048
3rd qtr.	11,385	2,103	524	399	505	1,562	340	150	733	999	485	243	271	1,749	2,321
4th qtr.	12,150	2,301	476	654	498	1,565	524	189	1,020	955	322	290	343	1,917	2,051
1974 1st qtr.	11,289	2,296	443	347	467	1,636	622	140	724	916	403	243	270	1,728	1,970
2nd qtr.	12,414	2,353	540	422	576	1,760	503	174	853	1,002	533	232	237	1,981	2,250
3rd qtr.	13,011	2,413	583	441	600	1,760	441	184	901	991	437	264	290	2,122	2,575
Revalued at 1970 prices															
1969 ..	30,649	6,264	1,309	849	1,723	4,068	1,484	432	2,145	2,168	855	692	621	4,647	5,560
1970 ..	31,387	6,365	1,355	956	1,720	4,140	1,495	449	2,217	2,322	969	683	670	4,732	5,636
1971 ..	32,241	6,362	1,419	1,053	1,658	4,231	1,484	455	2,237	2,714	1,263	705	746	4,893	5,735
1972 ..	34,179	6,320	1,473	1,215	1,748	4,354	1,537	472	2,401	3,215	1,523	776	916	5,330	6,114
1973 ..	35,759	6,374	1,586	1,498	1,859	4,384	1,568	488	2,535	3,439	1,576	785	1,078	5,738	6,290
Unadjusted															
1972 1st qtr.	7,879	1,575	317	201	402	1,072	463	95	488	746	368	174	204	1,176	1,344
2nd qtr.	8,503	1,574	374	268	455	1,116	371	115	568	823	445	180	198	1,299	1,540
3rd qtr.	8,672	1,558	398	284	451	1,094	297	115	580	813	390	194	229	1,366	1,716
4th qtr.	9,125	1,613	384	462	440	1,072	406	147	765	833	320	228	285	1,469	1,514
1973 1st qtr.	8,559	1,589	326	241	416	1,133	488	110	565	946	474	218	254	1,317	1,428
2nd qtr.	8,781	1,579	399	334	485	1,080	373	119	600	842	440	173	229	1,388	1,582
3rd qtr.	9,005	1,568	450	351	483	1,102	286	116	586	849	402	182	265	1,462	1,752
4th qtr.	9,414	1,638	411	572	475	1,069	421	143	784	802	260	212	330	1,571	1,528
1974 1st qtr.	8,372	1,570	359	297	440	1,097	485	101	529	747	321	169	257	1,320	1,427
2nd qtr.	8,779	1,577	399	335	470	1,151	377	120	591	774	405	151	218	1,402	1,583
3rd qtr.	8,947	1,593	416	351	465	1,139	301	124	605	737	313	165	259	1,454	1,762
Seasonally adjusted															
1972 1st qtr.	8,327	1,595	366	293	437	1,078	358	119	581	722	328	185	209	1,283	1,495
2nd qtr.	8,488	1,580	370	302	437	1,087	389	115	578	793	377	192	224	1,317	1,520
3rd qtr.	8,623	1,577	359	305	434	1,093	403	119	621	829	395	197	237	1,346	1,537
4th qtr.	8,741	1,568	378	315	440	1,096	387	119	621	871	423	202	246	1,384	1,562
1973 1st qtr.	9,051	1,609	378	351	452	1,136	383	135	666	923	435	229	259	1,436	1,582
2nd qtr.	8,796	1,584	395	377	465	1,059	393	117	611	825	380	185	260	1,411	1,559
3rd qtr.	8,955	1,586	407	378	465	1,100	388	120	625	872	413	185	274	1,442	1,572
4th qtr.	8,957	1,595	406	392	477	1,089	404	116	633	819	348	186	285	1,449	1,577
1974 1st qtr.	8,890	1,590	415	429	479	1,101	383	126	628	735	293	179	263	1,440	1,564
2nd qtr.	8,782	1,582	394	374	449	1,126	391	119	602	755	347	160	248	1,423	1,567
3rd qtr.	8,925	1,613	375	376	448	1,138	410	128	647	752	318	167	267	1,434	1,604

Gross domestic fixed capital formation

Analysis by sector and by type of asset

TABLE 13

£ million

	Total	Private sector (1)	Public sector(1)		Vehicles, ships and aircraft	Plant and machinery	Dwellings		Other new buildings and works(2)
			Public authorities	Public corporations			Private	Public	
At current prices									
1969	8,449	4,724	2,243	1,482	854	3,185	711	838	2,861
1970	9,237	5,137	2,427	1,673	970	3,605	700	801	3,161
1971	10,179	5,761	2,561	1,857	1,095	3,834	922	798	3,530
1972	11,429	6,774	2,879	1,776	1,334	4,007	1,275	831	3,982
1973	13,871	8,314	3,528	2,029	1,561	4,877	1,682	998	4,753
1972 1st quarter ..	2,775	1,496	758	521	317	1,016	281	207	954
2nd quarter ..	2,716	1,673	641	402	336	933	307	199	941
3rd quarter ..	2,813	1,676	716	421	296	978	324	206	1,009
4th quarter ..	3,125	1,929	764	432	385	1,080	363	219	1,078
1973 1st quarter ..	3,398	1,946	885	567	371	1,237	376	239	1,175
2nd quarter ..	3,195	1,996	766	433	363	1,082	437	221	1,092
3rd quarter ..	3,483	2,092	902	489	353	1,217	449	266	1,198
4th quarter ..	3,795	2,280	975	540	474	1,341	420	272	1,288
1974 1st quarter ..	3,945	2,040	1,295(3)	620	376	1,397	388	363(3)	1,421
2nd quarter ..	3,673	2,223	852(3)	598	403	1,320	402	306(3)	1,242
3rd quarter ..	3,952	2,326	978	618	382	1,449	412	336	1,373
Revalued at 1970 prices									
1969	9,069	5,059	2,397	1,613	909	3,453	769	900	3,038
1970	9,237	5,137	2,427	1,673	970	3,605	700	801	3,161
1971	9,319	5,268	2,370	1,681	1,003	3,495	829	730	3,262
1972	9,543	5,641	2,402	1,500	1,141	3,433	981	698	3,290
1973	10,004	6,087	2,389	1,528	1,222	3,865	1,056	683	3,178
Unadjusted									
1972 1st quarter ..	2,409	1,296	662	451	279	889	233	182	826
2nd quarter ..	2,312	1,418	550	344	292	805	244	172	799
3rd quarter ..	2,320	1,379	588	353	250	835	245	171	819
4th quarter ..	2,502	1,548	602	352	320	904	259	173	846
1973 1st quarter ..	2,577	1,488	647	442	298	1,006	254	174	845
2nd quarter ..	2,340	1,478	528	334	289	870	282	155	744
3rd quarter ..	2,479	1,511	603	365	277	960	274	180	788
4th quarter ..	2,608	1,610	611	387	358	1,029	246	174	801
1974 1st quarter ..	2,594	1,410	770(3)	414	275	1,037	215	218(3)	849
2nd quarter ..	2,298	1,441	478(3)	379	284	935	214	173(3)	692
3rd quarter ..	2,351	1,450	535	366	254	976	213	180	728
Seasonally adjusted									
1972 1st quarter ..	2,386	1,346	630	410	286	853	240	182	825
2nd quarter ..	2,377	1,409	594	374	274	859	236	178	830
3rd quarter ..	2,362	1,401	591	370	271	857	240	169	825
4th quarter ..	2,418	1,485	587	346	310	864	265	169	810
1973 1st quarter ..	2,551	1,534	616	401	310	965	261	174	841
2nd quarter ..	2,409	1,477	569	363	271	929	274	160	775
3rd quarter ..	2,521	1,535	607	379	297	982	269	179	794
4th quarter ..	2,523	1,541	597	385	344	989	252	170	768
1974 1st quarter ..	2,561	1,447	733(3)	381	283	1,000	222	217(3)	839
2nd quarter ..	2,366	1,443	514(3)	409	267	994	208	178(3)	719
3rd quarter ..	2,394	1,466	540	388	274	997	210	178	735

(1) Including purchases *less* sales of land and existing buildings. (2) Including transfer costs of land and buildings.
(3) See footnote (3) to Table 11 on page xxii.

Gross domestic fixed capital formation

TABLE 14 — Analysis by industry group — £ million

	Total	Mining and quarrying	Manufacturing (1)	Gas, electricity and water	Transport and communication	Distributive trades (1)	Other industries (2)	Dwellings	Public services	Transfer costs of land and buildings
At current prices										
1969	8,449	121	1,868	797	999	429	1,196	1,549	1,249	241
1970	9,237	130	2,130	783	1,182	475	1,315	1,501	1,447	274
1971	10,179	166	2,191	789	1,329	534	1,490	1,720	1,637	323
1972	11,429	211	2,123	722	1,524	653	1,722	2,106	1,915	453
1973	13,871	401	2,510	769	1,834	768	2,077	2,680	2,267	565
1972 1st quarter	2,775	48	533	203	364	146	407	488	491	95
2nd quarter	2,716	48	494	162	384	152	425	506	433	112
3rd quarter	2,813	53	523	175	349	158	421	530	482	122
4th quarter	3,125	62	573	182	427	197	469	582	509	124
1973 1st quarter	3,398	81	585	228	459	182	524	615	590	134
2nd quarter	3,195	93	549	178	403	186	492	658	495	141
3rd quarter	3,483	106	645	180	424	188	505	715	572	148
4th quarter	3,795	121	731	183	548	212	556	692	610	142
1974 1st quarter	3,945	143	729	265	437	184	580	751	736	120
2nd quarter	3,673	167	738	193	455	186	574	708	542	110
3rd quarter	3,952	205	839	226	401	201	579	748	629	124
Revalued at 1970 prices										
1969	9,069	130	2,027	869	1,073	455	1,267	1,669	1,324	255
1970	9,237	130	2,130	783	1,182	475	1,315	1,501	1,447	274
1971	9,319	149	1,996	717	1,218	495	1,382	1,559	1,520	283
1972	9,543	172	1,802	609	1,294	571	1,479	1,679	1,621	316
1973	10,004	305	1,920	577	1,387	618	1,566	1,739	1,599	293
Unadjusted										
1972 1st quarter	2,409	40	465	177	318	131	359	415	432	72
2nd quarter	2,312	40	425	138	332	134	370	416	374	83
3rd quarter	2,320	42	439	147	293	138	359	416	404	82
4th quarter	2,502	50	473	147	351	168	391	432	411	79
1973 1st quarter	2,577	63	465	177	359	149	411	428	447	78
2nd quarter	2,340	71	431	135	313	150	374	437	355	74
3rd quarter	2,479	80	490	135	318	153	379	454	397	73
4th quarter	2,608	91	534	130	397	166	402	420	400	68
1974 1st quarter	2,594	113	515	176	303	141	393	433	463	57
2nd quarter	2,298	115	496	123	305	132	371	387	318	51
3rd quarter	2,351	133	526	143	255	133	358	393	351	59
Seasonally adjusted										
1972 1st quarter	2,386	38	477	152	325	132	355	422	406	79
2nd quarter	2,377	42	447	155	320	139	372	414	407	81
3rd quarter	2,362	43	438	156	314	142	373	409	408	79
4th quarter	2,418	49	440	146	335	158	379	434	400	77
1973 1st quarter	2,551	60	474	154	368	150	405	435	420	85
2nd quarter	2,409	74	458	153	300	155	377	434	386	72
3rd quarter	2,521	81	487	141	340	157	394	448	403	70
4th quarter	2,523	90	501	129	379	156	390	422	390	66
1974 1st quarter	2,561	109	527	153	311	140	386	439	433	63
2nd quarter	2,366	117	527	138	293	136	375	386	344	50
3rd quarter	2,394	134	526	149	273	138	374	388	356	56

(1) Further details are given in the *Monthly Digest of Statistics*.
(2) Covers agriculture, forestry, fishing, construction and other service industries.

Value of physical increase in stocks and work in progress

TABLE 15

£ million

	At current prices					Revalued at 1970 prices									
						Unadjusted					Seasonally adjusted				
	Total	Manufacturing (1)	Distributive trades		Other industries	Total	Manufacturing	Distributive trades		Other industries	Total	Manufacturing (1)	Distributive trades		Other industries
			Retail	Wholesale				Retail	Wholesale				Retail	Wholesale	
Book value of stocks and work in progress at end-December 1973	23,646	13,544	2,349	2,517	5,236	17,723	10,057	1,935	1,767	3,964	17,723	10,057	1,935	1,767	3,964
1969 ..	436	293	31	36	76	445	310	33	42	60	445	310	33	42	60
1970 ..	438	323	—23	68	70	438	323	—23	68	70	438	323	—23	68	70
1971 ..	111	—142	— 5	54	204	84	—126	— 4	52	162	84	—126	— 4	52	162
1972 ..	—923	—227	4	58	142	— 39	—205	3	48	115	— 39	—205	3	48	115
1973 ..	574(2)	441	98	28	7	674	374	242	32	26	674	374	242	32	26
1972 1st qtr.	—150	— 90	— 9	—15	—36	—133	— 86	— 8	—11	—28	— 36	— 62	—16	17	25
2nd qtr.	76	— 88	48	—10	126	50	— 79	42	— 8	95	— 27	—107	38	1	41
3rd qtr.	9	—105	—35	68	81	5	— 90	—31	55	71	— 13	— 42	—13	6	36
4th qtr.	42	56	—	15	—29	39	50	—	12	—23	37	6	— 6	24	13
1973 1st qtr.	172	133	47	—29	21	158	126	39	—18	11	257	146	32	11	68
2nd qtr.	84(2)	71	7	—32	38	279	83	167	—18	47	202	61	163	— 9	—13
3rd qtr.	173	33	5	75	60	119	21	4	57	37	94	68	22	6	— 2
4th qtr.	145	204	39	14	—112	118	144	32	11	—69	121	99	25	24	—27
1974 1st qtr.	—515	—146	—82	—54	—233	—377	—147	—65	—22	—143	—260	—100	—73	8	—95
2nd qtr.	526	246	20	100	160	297	161	15	33	88	227	138	11	42	36
3rd qtr.	474	486	—66	29	25	241	249	—47	15	24	214	283	— 28	—36	— 5

(1) Further details are given in the *Monthly Digest of Statistics*.

(2) The second quarter of 1973 includes a fall in the book value of stocks of £280 million reflecting tax rebated on the introduction of VAT. The rebate has been allocated at current prices as follows:

	£ million
Manufacturers	34
Wholesalers	36
Retailers	181
Other industries	29

This allocation is to some extent arbitrary, and therefore should be regarded as approximate.

Measuring changes in the nation's real income

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Movements in the gross domestic product at constant factor cost show the extent to which the output of the domestic economy, in aggregate, may be expanding or contracting. Considerable attention is therefore paid to this indicator, since it provides important information about changes in the level of economic activity which may affect the policies and decisions of those in Government and elsewhere.

It does not necessarily follow, however, that a change in the volume of domestic output will lead to a corresponding change in the nation's real income*. The first reason for this is quite straightforward. The domestic product relates to the value of goods and services produced by the resources physically located in the United Kingdom, but the income available to the nation for consumption or investment takes account also of net property income and net current transfers from (or to) abroad. This means that in moving from domestic product to national disposable income, it is necessary first to deduct income earned by foreign-owned assets employed in the United Kingdom and add income earned from UK-owned assets employed overseas, and secondly, to deduct net current transfers abroad. Figures covering the period 1963 to 1973 are given in Table A. It can be seen that movements in gross domestic product and gross national disposable income at current market prices have been very similar over this period†.

TABLE A 1970=100

	Gross domestic product at current market prices	Gross national disposable income at current market prices
1963	60·0	60·2
1964	65·5	65·5
1965	70·3	70·4
1966	75·0	74·9
1967	79·2	79·0
1968	85·5	85·2
1969	91·2	91·2
1970	100·0	100·0
1971	111·4	111·3
1972	123·7	123·4
1973	139·9	140·3

*There may be many reasons for this, but this article is concerned with those factors affecting the nation's real income which can be identified in our existing system of national accounts. Other aspects of measuring the nation's real income, which are not considered here, would be those arising from the possible deficiencies of national product as an indicator of welfare. In the short or medium term these shortcomings of national product as a measure of welfare may not be very significant. Changes in the importance of so-called 'regrettable necessities' included within the national product, or of other things contributing to welfare but excluded, seem likely to occur relatively slowly. The distribution of incomes is also a factor relevant to national welfare, changes in which are not reflected in national product.

†The discussion and analysis presented in this article relate to *gross* product and income (that is, before providing for depreciation). Strictly, income should be measured after deducting an allowance for the depreciation of fixed assets, but for greater simplicity of working and presentation the gross concept has been used.

The second reason for a difference between changes in the volume of output and changes in real income is that, because movements in import and export prices may differ, a given volume of domestic output may be exchanged for a varying volume of overseas output. So, if import prices rise faster than export prices a greater volume of domestic output is needed in order to acquire a given volume of imports, whilst if export prices rise faster than import prices it is possible to acquire a larger volume of imports for given volume of domestic output. The relationship between movements in import and export prices is known as the terms of trade. Because a faster rise in export prices than in import prices may lead, other things being equal, to an increase in the nation's real income, such a change in relative prices has come to be known as an 'improvement' in the terms of trade. (This terminology is not unambiguous, however, since such a change in relative prices can also be expected to lead to a deterioration in the nation's international competitiveness).

The distinction between the nation's real income and its real output is important. Changes in the nation's real disposable income indicate the extent to which changes in total domestic expenditure on consumption and investment (measured at constant prices) can be met out of the nation's disposable income without any change in the external current balance (measured at current prices). If total domestic expenditure increases by more than the increase in real national disposable income, the additional increase can be financed only by lower overseas investment or higher overseas borrowing. Changes in real output may not indicate the additional resources available for domestic consumption or investment, firstly because changes in the terms of trade may affect the purchasing power of the proceeds of that output, but secondly it should be remembered that even after allowing for the effects of changes in the terms of trade on the purchasing power of the income derived from domestic output, the remaining output will not be wholly available for domestic consumption or investment if it is desired that part of an increase in output should be devoted to improving the external current balance.

Quantification of the effects of changes in the terms of trade on real national income

There is a significant body of academic literature concerned with the quantification of the effects of changes in the terms of trade on real output and real national income, and a review of several methods proposed in the literature is given in the appendix to this article. There is at present no single method generally accepted as the best. It may be that, in the light of further study of the various alternatives (including possible variants of the methods described in the appendix), it will be easier to express a clear preference for one particular method. An important feature of the various alternatives, however,

is that generally they do not seem to lead to very dissimilar results, so that the choice of one particular method is unlikely to be crucial in terms of the practical results obtained. Of the methods reviewed in the appendix, one which appears to be capable of a clear interpretation, and of extension to the measurement of real national disposable income, is Method 1. Using this method the terms of trade effects on real output are calculated by revaluing exports in terms of their import equivalent. In the terminology of the appendix, g (the gain or loss) is given by

$$g = X\left(\frac{1}{p^m} - \frac{1}{p^x}\right)$$

where X is the value of exports, and p^m and p^x are the implied deflators for imports and exports respectively. A gain of £g million in any period means simply that the proceeds of exports in the period will purchase an additional £g million of imports (valued at base year prices) compared with the volume of imports which an equivalent volume of exports would have purchased in the base year. If g is negative this indicates a loss, meaning that the proceeds of exports will now purchase £g million less of imports compared with the volume which could have been purchased in the base year.

A related approach to measuring terms of trade effects, giving very similar results, is to revalue imports in terms of their export equivalent‡. This seems well suited to the measurement of the additional domestic output required in order to maintain a given level of domestic expenditure and external current balance when a deterioration in the terms of trade occurs. (For an improvement in the terms of trade, the gain would represent the reduction in output which could take place without affecting the level of domestic expenditure at constant prices and the external current balance at current prices). We are primarily concerned here, however, with changes in real national disposable income, taking account of changes in net property income from abroad and net current transfers abroad as well as changes in the terms of trade. The approach chosen is that of revaluing the proceeds of exports and other net income from abroad in terms of its import equivalent.

‡As in Method 2(a) described in the appendix.

Valuation at market prices or factor cost

A measure of changes in real national disposable income should be calculated at market prices rather than at factor cost. Market prices can be regarded as a measure (albeit imperfect) of the relative value of different goods and services to those who purchase them. An index of real national disposable income at market prices measures changes in the volume of goods and services, weighted by their relative market prices, which can be purchased with the nation's disposable income. Relative factor costs, on the other hand, provide a means of aggregating the resource costs of a given volume of goods and services. Thus factor cost is the appropriate basis of valuation for measuring the additional resources needed to maintain a given level of domestic expenditure and external current balance when the terms of trade change (the related approach mentioned in the preceding paragraph), but market prices are the appropriate basis of valuation for measuring changes in real income.

An index of real national disposable income

In column (1) of Table B below is given an index of gross domestic product at 1970 market prices based on the average estimate of gross domestic product at constant factor cost. In columns (2) to (4) are given the additions to or deductions from this index arising from (*a*) the effects of changes in the terms of trade on domestic product, (*b*) the effects of changes in net property income from abroad and (*c*) the effects of changes in net current transfers abroad. The sum of these adjustments is given in column (5) and the index of real gross national disposable income is shown in column (6). A detailed description of how the calculations have been made is given in the appendix.

TABLE B

	Index of gross domestic product at 1970 market prices 1970=100 (1)	Terms of trade effect on domestic product (2)	Net property income from abroad (3)	Net current transfers abroad (4)	Total adjustment to gross domestic product at 1970 market prices (5)	Index of national disposposable income revalued at 1970 prices 1970=100 (6)
1963	83·0	−0·4	+0·3	−0·1	−0·2	82·8
1964	87·6	−1·1	+0·2	−0·1	−1·0	86·6
1965	89·8	−0·7	+0·2	−0·1	−0·6	89·2
1966	91·4	−0·3	—	−0·2	−0·5	90·9
1967	93·3	−0·5	−0·1	−0·2	−0·8	92·5
1968	96·8	−0·8	−0·3	−0·2	−1·3	95·5
1969	98·2	−0·5	+0·1	−0·1	−0·5	97·7
1970	100·0					100·0
1971	101·8	+0·4	−0·1	—	+0·3	102·1
1972	105·4	−0·3	−0·2	−0·1	−0·6	104·8
1973	111·0	−2·9	+0·6	−0·3	−2·6	108·4
1973 1st half ..	110·8	−1·7	+0·1	−0·5	−2·1	108·7
2nd half ..	111·1	−3·7	+1·0	−0·1	−2·8	108·3
1974 1st half ..	109·3	−7·2	+0·3	—	−6·9	102·4

Chart 1 shows that between 1965 and 1971 real national disposable income grew faster than gross domestic product in every year except 1967 and 1968 (reflecting the devaluation of sterling in 1967). In all these years, however, the difference was relatively small. Chart 2 shows how dramatically the position changed during 1973 and the first half of 1974. Between the second half of 1972 and the first half of 1973 there was a very substantial deterioration in the terms of trade, so that real income grew noticeably less than domestic product. A further though rather less rapid deterioration in the terms of trade in the second half of 1973 (partly offset in its effects on real income by a sharp rise in net property income from abroad) led to a fall in real income compared with a small rise in domestic product. Then in the first half of 1974, with the massive increase in oil prices coming through, a very sharp deterioration in the terms of trade occurred and real income fell by a further 5½ per cent, compared with a reduction in the level of domestic product of 2 per cent.

Rates of change in gross domestic product at 1970 market prices and gross national disposable income revalued at 1970 prices

CHART 1

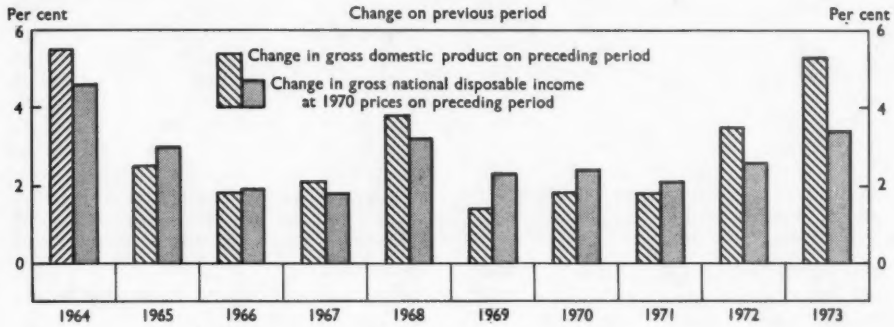
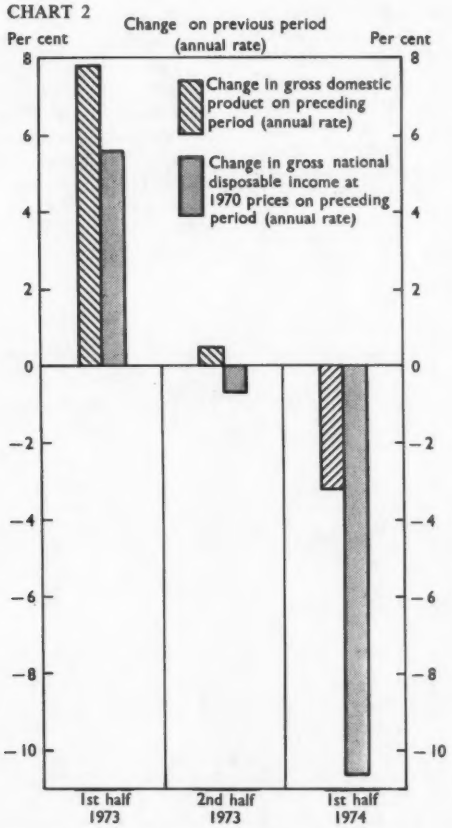


CHART 2



Although the nation's real disposable income fell by about 6 per cent between the first half of 1973 and the first half of 1974, this was not matched by a corresponding decrease in total domestic expenditure nor in the real disposable income of the personal sector. Total domestic expenditure fell by little more than 2 per cent leading to an increased external current account deficit. Real personal disposable income fell by only about 1 per cent, so that the public and corporate sectors were seen to further increase their financial deficits.

Regular compilation of an index of real gross national disposable income

The basis of calculation of the index set out above is explained more fully in the appendix. Although it would be possible to construct these estimates quarterly it is considered that such estimates would be subject to too wide margins of error for them to be interpreted satisfactorily. There are a number of reasons for this. First, although the estimates are linked to the average estimate of gross domestic product at constant factor cost so as to provide a consistent picture with that given elsewhere, the calculations also depend upon the expenditure-based estimates (in particular, of course, those for exports and imports) which are especially subject to timing discrepancies between the component series. Secondly, the implied quarterly deflators are subject to wider margins of error than the half-yearly or annual figures. Finally, certain stages in the calculations are dependent on data relating to import duties at constant prices which are available only annually, so that even for the half-yearly estimates interpolation and extrapolation of the annual data has been necessary. For all these reasons it is thought that (at least until some experience has been gained in the use and interpretation of this new type of index) compilation should be restricted to half-yearly and annual estimates.

Acknowledgements

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APPENDIX

Review of methods for quantification of the effects on real income of changes in the terms of the trade

Introduction

The various methods of tackling this problem involve the deflation of certain flows in the balance of payments account, including the non-commodity flows such as net property income from abroad. The differences between the several formulae reviewed in this appendix reflect the varying judgements of workers in this field as to the most suitable price indices for this purpose. Additional discussion of the merits and drawbacks of the different approaches are given in references (1) and (2).

Two general criteria for selection between the various alternatives have been put forward. Firstly, results should be capable of a clear interpretation in economic terms; this criterion seems unexceptionable and is reflected in the choice of method adopted in the earlier part of this article. Secondly, it has been argued that the method should be symmetric when viewed from the domestic economy on the one hand, and the rest of the world on the other. This last criterion implies that the gains perceived by one sector should be equal to the losses perceived by the complementary sector. As explained in reference (5), however, the gain or loss to real income of one country is equal, not to the gain or loss in real income of the rest of the world, but to the gain or loss in real product of the rest of the world.

Notation

The notation used throughout this appendix is as follows:

- C = current value of goods and services consumed by persons and public authorities
- c = volume (deflated value) of goods and services consumed by persons and public authorities
- D = depreciation of fixed assets at current prices
- d = depreciation of fixed assets revalued at base year prices
- g = gain on external trade in goods and services from changes in terms of trade expressed at base year prices
- I = gross domestic capital formation (including stockbuilding) at current prices
- i = gross domestic capital formation revalued at base year prices
- M = current value of imports of goods and services
- m = volume (deflated value) of imports of goods and services
- p^d = Godley and Cripps deflator implied by total domestic expenditure at current and constant factor cost
- p^m = deflator for imports of goods and services
- p^n = Courbis' deflator based on the purchasing power of national currency on the international market
- p^p = Stuvel's deflator implied by net domestic product at current and constant market prices
- p^x = deflator for exports of goods and services
- X = current value of exports of goods and services
- x = volume (deflated value) of exports of goods and services

Methods of calculation considered

The methods considered are as the following:

Method 1: Nicholson (reference (5))

$$g = X\left(\frac{1}{p^m} - \frac{1}{p^x}\right) = \frac{X}{p^m} - x$$

This is the method for which calculations are given in the main text. The external trade gain is the volume of imports that could be purchased by the revenue derived from exports *less* the volume of exports. The method can readily be extended to include net property income from abroad and net current transfers abroad in order to derive real national disposable income. These non-commodity flows are deflated by p^m, indicating the volume of imports which they will purchase. The method has been criticised for including (when $X > M$) an unrealised trade gain. But if the intention is to measure real income (whether spent on goods and services or not), clearly the total gain needs to be included.

Method 2: Geary (reference (3))

This is an attempt to improve Method 1 by including only the realised trade gain. The Geary method is claimed to be symmetric, and is expressed in terms of two formulæ, depending upon whether $X > M$ or $M > X$.

(a) If $X > M$ $g = M\left(\frac{1}{p^m} - \frac{1}{p^x}\right) = m - \frac{M}{p^x}$

(b) If $M > X$ $g = X\left(\frac{1}{p^m} - \frac{1}{p^x}\right) = \frac{X}{p^m} - x$

These formulæ are relatively easy to interpret, but are acceptable only if the intention is to exclude the unrealised trade gain.

Method 3: Courbis (reference (2))

This attempts to improve the Geary method by combining two formulæ into one:

$$g = x\left[\frac{1}{a+(1-a)\left(\frac{p^m}{p^x}\right)} - 1\right] - m\left[\frac{1}{(1-a)+a\left(\frac{p^x}{p^m}\right)} - 1\right]$$

where $a = \dfrac{x}{x+m}$

This is equivalent to

$$g = \frac{X - M}{p^n} - (x - m)$$

where $p^n = ap^x + (1 - a)\,p^m$

The deflator p^n can also be used to revalue the non-commodity flows which contribute to the nation's income. It seems difficult, to say the least, to give the results of this method a clear economic interpretation.

Method 4: Stuvel (reference (6))

Stuvel's method is similar to that of Courbis but in place of the deflator p^n the implied deflator for net domestic product at market prices is preferred.

$$\text{Thus } p^p = \frac{C + I - D + X - M}{c + i - d + x - m}$$

$$\text{and } g = \frac{X - M}{p^p} - (x - m)$$

$$= m \left(1 - \left(\frac{p^m}{p^p}\right)\right) - x \left(1 - \left(\frac{p^x}{p^p}\right)\right)$$

Stuvel evidently regards the separate terms of trade effects on exports and imports respectively as significant. His choice of the deflator p^p is influenced by the desire to obtain an index of wide coverage, free of foreign elements and duplication (hence net rather than gross domestic product is chosen). The market price deflator is preferred to the factor cost deflator since it '. . . . . is the price concept that underlies all economic transactions'.

Method 5: Godley and Cripps (reference (4))

National disposable income at factor cost is deflated by a process analogous to the derivation of real personal disposable income in the personal sector account. The deflator chosen is that implied by total domestic expenditure at current and constant factor cost. Taking this deflator as p^d this appears to imply a gain from changes in the terms of trade given by

$$g = \frac{C' + I' + X' - M}{p^d} - (c' + i' + x' - m)$$

$$= \frac{X' - M}{p^d} - (x' - m)$$

where C', I', ... indicate that valuation is at factor cost. Although it seems appropriate to revalue income at factor cost with a deflator relating to goods and services at current and constant factor cost, this may not be satisfactory for quantifying effects stemming from changes in the terms of trade. Exports are exchanged for imports, not at factor cost but at market prices, so that exports at market prices which would seem to be the appropriate basis for calculation of the terms of trade effects.

Method 1

The results of this method appear to be capable of a clear economic interpretation. A comparison is made between the volume of imports at base year prices which could be purchased with the proceeds of the current year's export volume in the base year and in the current year. If the current year's export volume can be exchanged for a greater volume of imports than in the base year, there has been a gain from the change in the terms of trade leading to an addition to the nation's real income over and above any increase which may have occurred as a result of a greater level of national production. If the current year's export volume will exchange for a smaller volume of imports than in the base year, there has been a loss from the change in the terms of trade leading to a reduction in the rise of real national income which has occurred as the result of higher production. The fact that the proceeds of exports may not have in fact been spent on imports does not affect the position, since any measure of real income must assume some conventional treatment of any surplus income unspent or expenditure in excess of income. The convention adopted here is that an external surplus or deficit is regarded as import volume foregone or financed out of past saving (or current borrowing).

The implementation of Method 1 is not quite so straightforward, however, as it might seem at first sight. Since we are concerned with changes in real income, the basis of valuation for the goods and services which it is deemed our income may purchase should be that of market prices. The import volume which is gained or lost as the result of changes in the terms of trade is expressed initially, however, at factor cost (exclusive of import duties) since this is the basis of valuation at which it is purchased from the rest of the world. If, therefore, we take the nation's domestic product at constant market prices, deduct exports at constant market prices and add back the import equivalent of the proceeds of those exports, in order that the resulting collection of goods and services thus available to the nation should be valued at market prices, this last addition should be valued at market prices inclusive of import duties. In order to follow this line of reasoning in making the calculations it is also necessary that the starting point—gross domestic product at market prices—should be exclusive of import duties. This reflects the fact that there are two distinct concepts of domestic product at market prices. The first is that of the *value added* at market prices by domestic production which should logically exclude import duties, other indirect taxes being properly regarded as taxes on domestic production. The second concept is that of the market value of goods and services becoming available for domestic consumption and investment as a result of this domestic production; this aggregate should be valued at prices inclusive of import duties since we are now implicitly regarding exports as being exchanged for imports which, when they are purchased for domestic consumption and investment, should be valued at their market price inclusive of import duties*.

One minor point which should be noted is that the effect of taking gross domestic product exclusive of import duties, subtracting exports and adding the import equivalent of exports valued inclusive of import duties, is to arrive at an aggregate which includes, not actual import duties, but the import duties which would have been paid had the value of imports been equal to the value of exports. This seems, in fact, to be quite satisfactory because we are attempting to express, at market prices inclusive of import duties, the value of the goods and services which could be purchased with the proceeds of domestic production. It means, however, that strictly speaking both the international definition and that

*The UK national accounts have, since 1966, followed the international definition of gross domestic product at market prices which *includes* import duties, but in the notes to the annual Blue Book, figures are given enabling the user to convert to the alternative definition.

currently followed in the UK national accounts appear to be slightly in error in quantifying the second concept of gross domestic product as stated above. The consequences of this theoretical objection to the present figures would, however, seem to be of no practical significance.

Extension of Method 1 to net property income from abroad and net current transfers abroad is perfectly straightforward. These flows are expressed in terms of their import equivalent in volume terms and valued at market prices inclusive of import duties. Thus, gross national disposable income in the base year, when expressed in terms of the goods and services at market prices which it will buy, includes an addition for import duties on the imports which this net flow from abroad is deemed to purchase. The situation in which the addition made for import duties to the import equivalent of export proceeds, and to other net income from abroad would equal actual import duties, would be when the external current account was exactly in balance.

The results of calculations made in the manner just described have already been given in the earlier part of this article. A comparison of the results of Method 1 in terms of the simple external trade gain or loss, before adjusting to market prices, with the comparable results for other methods, is given in the table below.

The gains or losses are all in relation to the base year 1970 so that, for example, the figures show a gain between 1963 and 1970 (£65 million for Methods 1 and 2) and a net loss between 1963 and 1973 (£915 million for Methods 1 and 2).

Method 2

The difference between Methods 1 and 2 in 1969 and 1971 arises because Method 2 uses imports deflated by the export deflator in a year when the value of exports exceeds that of imports, In all the other periods shown in the table the value of imports exceeded that of exports so that the results of Methods 1 and 2 are identical.

Methods 3 and 4

The differences between Method 1 and the results of Methods 3 and 4 arise because the values of both exports and imports enter into the latter and because a deflator other than that for imports enters into the calculations. Using the terminology defined above, under Methods 3 and 4 g can be rewritten as follows:

$$g = \frac{X - M}{p} - (x - m)$$

$$= \left(\frac{X}{p^m} - x\right) + (X - M)\left(\frac{1}{p} - \frac{1}{p^m}\right)$$

where p is the chosen deflator p^a or p^p. The first term is, of course, the terms of trade effect as defined in Method 1, and thus the difference between the results under Method 1 and Methods 3 and 4 can be stated as the value of the external balance in goods and services $(X - M)$, multiplied by the difference between the reciprocals of the chosen deflator p and that for imports. A large surplus or deficit on external trade in goods and services does not necessarily lead to a correspondingly large difference between Method 1 and Methods 3 and 4. We find, for example, that although $(M - X)$ amounted to £1,832 million in 1973 the difference between the results under Methods 1 and 4 was only £85 million because $\left(\frac{1}{p^p} - \frac{1}{p^m}\right)$ had a value of only (+0·0431).

Methods 3 and 4 regard the total gain or loss as comprising two elements, that given by Method 1, and a second element representing:

(a) a gain when either $X > M$ and $p^m > p$
or $M > X$ and $p > p^m$

(b) a loss when either $X > M$ and $p > p^m$
or $M > X$ and $p^m > p$

where p is the chosen deflator. The interpretation to be placed on this additional gain or loss is far from clear. The deflator used in Method 3 is said to be intended to

Gain(+) or loss (−) from terms of trade effects in relation to 1970

At 1970 prices

£ million

	Method 1	Method 2	Method 3	Method 4	Method 5
	Nicholson	Geary	Courbis	Stuvel	Godley and Cripps
1963	— 65	— 65	— 65	— 75	+ 55
1964	—230	—230	—240	—280	+130
1965	—150	—150	—150	—160	+ 5
1966	— 25	— 25	— 25	— 25	+170
1967	+ 25	+ 25	+ 25	+ 40	+275
1968	—170	—170	—175	—185	— 20
1969	—180	—180	—180	—180	—155
1971	+ 75	+ 70	+ 70	+ 45	+ 70
1972	—	—	—	+ 15	+165
1973	—980	—980	—1,030	—1,065	—755
1973 1st half	—580	—580	—595	..	—315
2nd half	—1,310	—1,310	—1,400	..	—1,155
1974 1st half	—2,880	—2,880	—3,185	..	—3,110

'represent changes in the purchasing power of the national currency on the international market'. Thus if import prices have risen faster than this index ($p^m > p^n$) there will be a purchasing power gain from an external surplus ($X > M$) and a loss from an external deficit ($M > X$). Correspondingly, if the chosen index has risen faster than import prices ($p^n > p^m$) there will be a purchasing power gain from an external deficit ($M > X$) and a loss from an external surplus ($X > M$). The results of Method 4 can be similarly interpreted as the gain or loss under Method 1, together with the gain or loss represented by the difference in purchasing power of the external surplus or deficit when expressed in terms of an equivalent volume of imports, and an equivalent volume of goods and services as defined by the chosen deflator. Method 4 chooses to quantify the change in purchasing power between imports and the goods and services produced domestically, other than those needed to maintain physical domestic capital intact (net domestic product).

Method 5

In some periods the results of Method 5 are noticeably out of line with those for Methods 1 to 4 although the year to year movements are often similar. As explained above, because Method 5 uses a deflator for total domestic expenditure at factor cost this seems to imply a terms of trade gain defined by reference to exports at factor cost rather than market prices. The gain shown by the results of Methods 1 to 4 between 1965 and 1970 disappears under Method 5 because, whilst the deflator for exports at market prices increased by 27 per cent, the deflator for exports at factor cost increased by less than 25 per cent. Between 1970 and 1973 the deflator for exports at market prices rose by 22 per cent whilst that for exports at factor cost increased by 24 per cent. Thus the terms of trade loss under Method 5 was lower than under Methods 1 to 4.

Method 5 can be interpreted as applying to gross national disposable income at factor cost, a process analogous to that already applied to personal disposable income in the published national accounts—deflation by a price index relating to the goods and services on which that income is spent, in this case total domestic expenditure at factor cost. The particular approach adopted seems, however, to raise at least two questions. First, as already stated, a measure of real income should be calculated by reference to changes in market prices rather than factor costs; the method could probably be modified to cover this point. And secondly, the implied deflator for total domestic expenditure might not be regarded as appropriate for revaluing the external surplus or deficit at constant prices, which is what this method appears to imply. This type of approach may well be worthy of further consideration.

Conclusions

Method 1 is capable of an economic interpretation which cannot be so clearly placed upon the results of the other methods described above. There is certainly no single method of calculating real national disposable income which it can be claimed is 'correct' in all circumstances, but the results of Method 1 appear to be soundly based and seem likely to provide an additional economic indicator which helps to throw light on certain aspects of the changes in the economy which have assumed particular importance since the beginning of 1973. It seems likely that other methods, particularly Method 5, are worth further study.

Note on statistical sources

The procedure followed in Method 1 is, within gross domestic product at market prices, to replace exports of goods and services at constant prices by their import equivalent. This calculation is carried out by using the expenditure-based estimate of gross domestic product as its starting point. The expenditure-based estimate is, however, subject to estimation errors, mainly thought to be the result of differences in the timing of its components, and the average of the expenditure, income and output-based estimates is usually preferred. (For quarter-to-quarter changes the output-based estimate is preferred.) The index of gross domestic product at 1970 market prices given in the main text of the article is based upon the average estimate of gross domestic product at constant factor cost. It has been derived by applying the factor cost adjustment (a component of the expenditure-based estimate) to the average estimate of gross domestic product at constant factor cost.

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Employment in the public and private sectors of the United Kingdom economy

Statistics of employment in the public and private sectors were last published in an article in the April 1974 issue of *Economic Trends*. The present article gives figures for 1971, 1972 and 1973.

The figures for total employment in each industry are compiled by the Department of Employment on a census of employment basis (a description of which was published in the January and August 1973 issues of the *Department of Employment Gazette*), and are consistent with the details in the *Monthly Digest of Statistics* for November 1974.

Estimates of employment in the public sector are derived from the central records of the organisations concerned. These may differ in places from the Department of Employment figures in respect of the allocation of employees in employment to industries. The figures for the private sector are obtained as differences between the estimates of public sector employment and the Department of Employment totals.

The main changes in the latest figures for 1971 are a reclassification of 83,000 workers in the passenger transport executives from local authorities to public corporations, as although executives are answerable to the local authorities on general policy matters they remain independent in the day to day running of the undertakings, and publish their own separate sets of accounts. This corresponds to the treatment in the latest Blue Book (*National Income and Expenditure 1963-1973*) (HMSO September 1974). Full details of organisational changes which affect the classification are set out on page 106 of the Blue Book. The estimate of employers and self-employed persons has been revised upwards by 43,000 in the light of improved information from the 1971 Census of Population.

Similarly in 1972, 79,000 employees have been transferred from local authority transport to public corporations. The estimate for employers and self-employed persons has been raised by 73,000 as a result of the 1971 Census of Population and of supplementary information from the Department of Health and Social Security based on a sample of national insurance cards.

Between mid-1972 and mid-1973 the total employed labour force increased by 575,000 (2·4 per cent), of which 479,000 were in the private sector and 96,000 in the public sector. The number of civil employees in employment increased by 542,000, consisting of increases of 185,000 (to 18,780,000) in full-time employment and of 357,000 (to 3,882,000) in the number employed part-time.

The increase of 23,000 (1·5 per cent) in central government was largely accounted for by an increase of 18,000 (2·2 per cent) in the hospital service. The total increase of 124,000 (5·3 per cent) in local authority 'other services' included 58,000 (4·8 per cent) in education and 20,000 (6·8 per cent) in the health services. Of the fall of 35,000 (—1·8 per cent) in the total for public corporations, mining accounted for 15,000 (—4·6 per cent).

Of the 436,000 (2·7 per cent) increase in the private sector, 301,000 (4·7 per cent) were in 'other services' and were composed chiefly of increases of 103,000 (3·9 per cent) in distribution, 62,000 (6·2 per cent) in insurance, banking, finance and business services, and 113,000 (5·5 per cent) in miscellaneous services, of which 62,000 (8·5 per cent) were in the hotels and catering industry. There were also increases of 55,000 (0·7 per cent) distributed throughout the manufacturing industry and of 79,000 (7·0 per cent) in construction.

Central Statistical Office

Employment by sector and by industry groups(1)

United Kingdom — Thousands

	Total	Public sector				Private sector
		Central government	Local authorities	Public corporations	Total	
At June 1971						
Total employed labour force	24,400	1,929	2,496	1,977	6,402	17,998
HM Forces and Women's services	368	368	—	—	368	—
Employers and self-employed	1,910	—	—	—	—	1,910
Total employees in employment	22,122	1,561	2,496	1,977	6,034	16,088
Agriculture, forestry and fishing	434	12	—	—	12	422
Mining and quarrying	396	—	—	346	346	50
Manufacturing	8,056	76	1	289	366	7,690
Construction(2)	1,261	25	124	13	162	1,099
Gas, electricity and water	377	—	42	331	373	4
Transport and communication	1,568	6	86	944	1,036	532
Other services	10,030	1,442	2,243	54	3,739	6,291
At June 1972						
Total employed labour force	24,427	1,956	2,596	1,893	6,445	17,982
HM Forces and Women's services	371	371	—	—	371	—
Employers and self-employed	1,936	—	—	—	—	1,936
Total employees in employment	22,120	1,585	2,596	1,893	6,074	16,046
Agriculture, forestry and fishing	429	11	—	—	11	418
Mining and quarrying	379	—	—	330	330	49
Manufacturing	7,778	68	1	269	338	7,440
Construction(2)	1,299	22	128	14	164	1,135
Gas, electricity and water	356	—	42	313	355	1
Transport and communication	1,543	7	81	913	1,001	542
Other services	10,336	1,477	2,344	54	3,875	6,461
At June 1973						
Total employed labour force	25,002	1,969	2,714	1,858	6,541	18,461
HM Forces and Women's services	361	361	—	—	361	—
Employers and self-employed	1,979	—	—	—	—	1,979
Total employees in employment	22,662	1,608	2,714	1,858	6,180	16,482
Agriculture, forestry and fishing	434	11	—	—	11	423
Mining and quarrying	363	—	—	315	315	48
Manufacturing	7,828	67	1	265	333	7,495
Construction(2)	1,380	22	130	14	166	1,214
Gas, electricity and water	344	—	42	302	344	—
Transport and communication	1,524	7	72	905	984	540
Other services	10,789	1,501	2,469	57	4,027	6,762

(1) Industries are classified according to the Standard Industrial Classification 1968.

(2) The figures for construction are consistent with data published by the Department of Employment in their industrial analyses of employment (see Table 15 of the *Monthly Digest of Statistics*, or Table 103 of the *Department of Employment Gazette*). They differ however, from the estimates of construction employees in employment published by the Department of the Environment (see Table 12 of *Housing and Construction Statistics* relating to Great Britain). The latter estimates include construction workers in building and civil engineering branches of public authorities whose main activities are classifiable to other industries (for example, national and local government service or transport) under the Standard Industrial Classification.

CHARTS AND TABLES

The purpose of the charts and tables is to provide the broad background to the trends of the economy rather than to give detailed information about particular series (for which the *Monthly Digest of Statistics* and other publications may be consulted). Economically related series are grouped together and consequently the same series may appear on more than one page.

Most series are seasonally adjusted, that is, normal seasonal changes have as far as possible been removed from the figures; by this means movements in different periods may more readily be compared, but it must be borne in mind that the seasonal adjustments are subject to some uncertainties. For series which still show considerable short-term fluctuations after seasonal adjustment a trend line has been fitted by the use of weighted moving averages.

For convenience of comparison, index numbers in some charts and tables are referred to a common date as base which differs from the original base dates to which their weighting applies.

In order that recent movements may be seen in perspective most of the charts cover a long run of years, but some of the series (for example, measures of volume or of price changes) may provide only a broad guide to changes over long periods.

Logarithmic scales are used in charts where the main purpose is to compare the slopes of series which are very different in magnitude.

Except where otherwise stated, monthly and quarterly figures relate to totals for the period and are not converted to annual rates. The statistics relate mainly to the United Kingdom of Great Britain and Northern Ireland; where figures are for Great Britain only, this is indicated on the table.

In tables where figures have been rounded to the nearest final digit, there may be an apparent slight discrepancy between the sum of the constituent items and the total as shown. The following symbols are used in the tables:

.. not available
— nil or less than half the final digit shown
§ series for which measures of variability are given on page 42

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Main economic series

All series are seasonally adjusted unless otherwise stated

	Gross domestic product at factor cost at 1970 prices (1) §				Index of industrial production §		Employed labour force (2)	Output per person employed at 1970 prices			Wages and salaries per unit of output	Unemployed excluding school-leavers and adult students (UK)	
	Expenditure based	Income based (3)	Output based	Average estimate	All industries	Manufacturing industries		Gross domestic product (Output)	All production industries	Manufacturing industries	Whole economy	Monthly average Thousands	Percentage rate(4)
	1970 = 100												
1963 1st quarter	79·3	79·0	78·7	79·0	75·3	74·0	99·5	79·1	73·8	73·9	75·2	585·4	2·5
2nd quarter	83·2	82·9	81·8	82·6	79·0	76·8	100·0	81·8	76·6	77·0	73·2	557·5	2·4
3rd quarter	83·2	84·0	83·2	83·5	81·3	79·4	100·0	83·2	78·8	79·6	73·5	526·4	2·2
4th quarter	85·2	85·0	84·4	84·9	83·1	81·3	100·5	84·0	80·2	81·1	74·0	480·5	2·0
1964 1st quarter	85·7	85·7	85·9	85·8	85·6	84·1	100·9	85·1	82·1	83·6	74·9	418·8	1·8
2nd quarter	87·8	86·9	86·5	87·1	85·6	84·1	101·1	85·5	81·9	83·1	75·4	404·0	1·7
3rd quarter	87·4	88·3	87·1	87·6	86·2	84·9	101·5	85·8	82·3	83·6	75·8	389·9	1·6
4th quarter	88·8	87·9	88·7	88·5	88·5	87·3	101·9	87·1	84·0	85·6	77·8	353·8	1·5
1965 1st quarter	88·9	88·9	89·0	88·9	89·0	87·1	102·2	87·1	84·1	85·1	77·8	332·1	1·4
2nd quarter	88·8	89·4	89·1	89·1	88·7	87·4	102·2	87·2	83·8	85·3	78·8	338·1	1·4
3rd quarter	89·9	90·4	89·5	89·9	88·7	87·2	102·2	87·6	83·8	84·9	79·6	352·8	1·5
4th quarter	90·6	91·2	90·5	90·8	90·1	88·6	102·7	88·1	84·9	86·1	80·5	328·0	1·4
1966 1st quarter	90·4	90·6	91·0	90·7	90·9	90·0	102·9	88·4	85·7	87·5	82·9	302·1	1·3
2nd quarter	90·9	90·2	91·3	90·8	91·0	89·6	102·9	88·7	85·8	87·1	84·4	314·5	1·3
3rd quarter	91·7	92·7	91·5	92·0	91·2	90·1	102·7	89·1	86·3	87·6	82·5	352·2	1·5
4th quarter	92·4	92·0	90·8	91·7	89·3	87·2	101·9	89·1	85·3	85·7	82·9	444·1	1·8
1967 1st quarter	93·2	91·3	91·5	92·0	90·5	88·6	101·3	90·3	87·2	87·9	83·3	515·7	2·2
2nd quarter	93·9	94·1	92·4	93·5	91·4	89·5	101·3	91·2	88·7	89·5	83·7	544·7	2·3
3rd quarter	94·0	93·2	92·8	93·4	91·5	89·7	101·4	91·5	89·3	90·3	85·7	559·8	2·4
4th quarter	92·7	93·4	94·0	93·4	93·4	91·4	101·0	93·1	91·7	92·4	86·2	569·3	2·4
1968 1st quarter	95·9	95·1	96·5	95·8	96·2	94·3	100·8	95·7	94·8	95·5	86·8	573·7	2·4
2nd quarter	95·6	95·8	96·2	95·9	97·0	95·6	100·6	95·6	95·8	96·9	86·6	580·9	2·5
3rd quarter	97·7	98·1	96·5	97·5	97·3	96·2	100·6	95·9	96·1	97·1	86·0	576·6	2·4
4th quarter	98·5	98·6	97·1	98·1	98·0	96·8	100·7	96·4	96·5	97·3	86·9	567·6	2·4
1969 1st quarter	97·8	98·2	97·7	97·9	99·0	98·0	100·7	97·0	97·3	98·1	89·3	562·3	2·4
2nd quarter	97·5	98·4	98·6	98·2	100·3	100·1	100·7	97·9	98·6	99·8	90·0	557·2	2·4
3rd quarter	98·2	99·0	98·6	98·6	99·9	99·6	100·6	98·0	98·5	99·2	90·7	566·7	2·4
4th quarter	99·5	99·6	98·7	99·3	99·8	99·8	100·4	98·3	98·6	99·2	93·1	580·2	2·5
1970 1st quarter	98·2	97·7	99·3	98·4	99·4	99·3	100·4	98·9	98·7	98·9	96·6	586·9	2·5
2nd quarter	100·0	100·5	99·7	100·0	99·6	99·4	100·0	99·7	99·3	99·1	99·1	597·8	2·5
3rd quarter	100·3	101·2	100·4	100·7	100·4	100·4	99·9	100·5	100·6	100·5	100·9	606·8	2·6
4th quarter	101·5	100·6	100·6	100·9	100·6	100·9	99·7	100·9	101·4	101·5	103·2	617·5	2·6
1971 1st quarter	99·8	100·0	100·1	99·9	100·0	99·4	98·5	101·6	101·3	100·5	106·7	668·5	2·9
2nd quarter	101·0	100·3	101·5	100·9	101·0	100·2	98·3	103·2	103·8	103·0	109·1	750·3	3·3
3rd quarter	103·2	101·2	102·0	102·2	100·5	99·8	97·6	104·5	104·3	103·7	111·3	813·1	3·6
4th quarter	103·3	101·4	102·3	102·4	100·1	98·9	97·6	104·8	104·8	104·2	112·5	871·6	3·8
1972 1st quarter	102·4	99·9	101·6	101·3	97·3	97·7	98·1	103·6	102·5	103·9	117·1	908·2	4·0
2nd quarter	103·9	103·6	104·7	104·1	102·8	101·6	98·4	106·4	108·3	108·4	117·7	879·4	3·8
3rd quarter	103·8	103·7	105·4	104·2	103·6	102·9	98·9	106·6	109·2	109·9	120·7	846·5	3·7
4th quarter	106·3	105·8	107·1	106·4	105·8	106·0	99·4	107·7	111·1	113·5	122·9	785·4	3·4
1973 1st quarter	111·1	107·7	109·9	109·6	109·9	109·9	100·4	109·5	114·6	117·2	124·3	700·0	3·0
2nd quarter	108·7	109·0	109·3	109·0	109·6	110·1	100·6	108·6	113·8	117·0	127·7	636·4	2·7
3rd quarter	109·7	108·8	110·5	109·6	110·7	111·4	100·8	109·6	114·8	118·3	131·2	591·4	2·5
4th quarter	109·0	109·5	110·1	109·5	109·4	110·4	100·9	109·1	113·4	116·8	134·3	516·0	2·2
1974 1st quarter	107·2	104·5	107·0	106·2	103·4	105·5	100·5	106·5	107·5	112·0	143·0	570·1	2·5
2nd quarter	110·0	109·1	109·1	109·4	107·8	109·3			112·4	115·9	146·1	579·5	2·5
3rd quarter	111·6	110·1	110·3	110·6	109·0	110·6			113·5	117·2	157·3	629·0	2·7
4th quarter												..(5)	..(5)

(1) These estimates are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
(2) The earlier figures in this series have been adjusted to be consistent with Census of Employment data on which the later figures are based.
(3) Income data deflated by the price index implied by estimates based on expenditure data.
(4) The base used in calculating the percentage rate of unemployment is the appropriate mid-year estimate of total employees (employed and unemployed).
(5) Figure not available. See note on page 48 in the January 1975 issue of the *Department of Employment Gazette*.

Main economic series *(continued)*

All series are seasonally adjusted unless otherwise stated

	Vacancies notified to employment offices (GB)§	Basic hourly wage rates n.s.a.	Average earnings of all employees (GB) §	General index of retail prices: All items n.s.a.	General index of retail prices: All items except items of food whose prices show significant seasonal variations n.s.a.	Wholesale prices index: Basic materials and fuel purchased by manufacturing industry (4) n.s.a.	Wholesale prices index: Output All manufactured products Home sales n.s.a.	Unit value index numbers (1): Exports n.s.a.	Unit value index numbers (1): Imports n.s.a.	Unit value index numbers (1): Terms of trade n.s.a.	Personal disposable income revalued at 1970 prices(2)§	Consumers' expenditure at 1970 prices §	Personal savings ratio (3)
	Monthly average Thousands	Jan. 1956 =100	Jan. 1970 =100	Jan. 1962=100		1970=100					£ million		Percentage
1963 1st quarter	127·5	139·4	62·1	103·3	102·8	77·2	77·7	75·9	78·6	96·6	7,181	6,634	7·6
2nd quarter	136·8	140·9	64·0	103·9	103·0	77·4	77·9	76·3	79·1	96·5	7,356	6,875	6·5
3rd quarter	142·7	141·5	65·1	103·2	103·5	76·9	77·9	77·2	78·9	97·8	7,528	6,953	7·6
4th quarter	170·6	143·3	65·9	104·0	104·6	80·3	78·5	77·5	80·1	96·8	7,579	6,965	8·1
1964 1st quarter	199·9	146·1	67·4	104·9	105·4	80·6	79·1	77·3	80·7	95·8	7,614	7,017	7·8
2nd quarter	212·4	147·8	68·5	106·8	107·0	80·3	80·2	77·7	80·7	96·3	7,630	7,037	7·8
3rd quarter	228·4	149·5	69·9	107·7	108·3	81·1	80·7	78·5	80·7	97·3	7,746	7,083	8·6
4th quarter	243·7	151·0	70·9	108·6	109·3	82·5	81·2	78·6	81·3	96·7	7,756	7,146	7·9
1965 1st quarter	249·6	153·8	72·2	109·6	110·3	82·5	82·1	79·3	81·4	97·4	7,808	7,155	8·4
2nd quarter	270·4	156·1	73·3	112·4	112·6	82·2	83·4	79·5	81·4	97·7	7,784	7,118	8·5
3rd quarter	270·9	159·9	74·5	112·9	113·3	81·6	83·8	80·1	81·2	98·6	7,875	7,208	8·5
4th quarter	269·4	161·9	76·3	113·6	114·0	82·4	84·0	80·7	81·6	98·9	8,002	7,236	9·6
1966 1st quarter	275·8	166·0	77·6	114·4	114·8	83·9	84·8	81·8	82·0	99·8	8,307	7,341	11·6
2nd quarter	278·5	168·1	79·2	116·6	116·3	85·4	85·4	83·0	82·8	100·2	7,951	7,377	7·2
3rd quarter	259·4	169·8	79·6	117·0	117·4	84·0	86·1	83·6	82·2	101·7	7,914	7,291	7·9
4th quarter	205·3	169·9	79·6	117·9	118·1	83·4	85·9	83·6	82·3	101·6	7,986	7,260	9·1
1967 1st quarter	183·4	171·4	79·8	118·6	118·7	82·8	86·1	83·8	82·1	102·1	7,930	7,315	7·8
2nd quarter	166·5	172·9	80·7	119·6	119·2	82·3	86·1	83·9	81·4	103·1	8,159	7,405	9·2
3rd quarter	166·3	177·3	82·6	119·0	119·2	82·6	86·6	84·4	83·2	101·4	8,307	7,512	9·6
4th quarter	179·3	179·7	84·2	120·4	120·7	87·6	87·1	85·4	86·6	98·6	8,201	7,620	7·1
1968 1st quarter	180·5	184·8	85·9	122·1	122·2	92·3	88·7	88·9	92·0	96·6	8,423	7,811	7·3
2nd quarter	181·2	185·8	87·1	125·0	125·0	90·7	89·8	90·8	92·7	98·0	8,207	7,496	8·7
3rd quarter	187·6	187·7	89·0	125·7	126·1	91·0	90·3	92·3	94·1	98·1	8,256	7,607	7·8
4th quarter	202·0	191·0	91·0	127·2	127·6	91·8	91·0	92·8	94·6	98·1	8,284	7,650	7·7
1969 1st quarter	200·6	194·7	92·2	129·7	129·7	93·1	92·2	93·9	94·5	99·4	8,340	7,594	8·9
2nd quarter	200·8	195·6	94·1	131·8	131·0	94·3	92·6	93·9	95·5	98·3	8,242	7,666	7·0
3rd quarter	199·2	197·8	95·9	132·0	132·0	95·2	93·7	94·2	96·5	97·6	8,334	7,642	8·3
4th quarter	197·2	201·6	98·5	133·7	133·9	97·5	94·7	95·1	98·1	96·9	8,421	7,747	8·0
1970 1st quarter	194·2	209·0	101·6	136·2	136·0	99·2	96·7	98·9	99·6	99·3	8,374	7,701	8·0
2nd quarter	189·1	214·0	105·0	139·5	138·7	99·7	98·9	100·0	100·8	99·2	8,668	7,834	9·6
3rd quarter	185·1	219·5	108·3	141·1	141·3	99·8	100·9	102·0	100·8	101·2	8,743	7,918	9·4
4th quarter	174·3	228·3	111·9	144·0	144·6	101·4	103·4	102·3	100·6	101·7	8,696	7,934	8·8
1971 1st quarter	149·9	237·5	114·6	147·9	148·0	103·0	106·3	104·1	102·8	101·3	8,726	7,867	9·9
2nd quarter	127·2	242·4	117·2	153·2	152·8	104·9	108·7	105·3	106·0	99·3	8,744	8,007	8·4
3rd quarter	120·4	248·6	120·4	155·3	155·5	105·6	110·3	107·4	106·5	100·8	8,919	8,139	8·8
4th quarter	118·6	257·0	122·6	157·3	157·5	104·8	110·8	109·1	105·6	103·3	9,030	8,228	8·9
1972 1st quarter	123·5	265·9	126·3(5)	159·7	159·7	105·6	112·1	110·3	106·3	103·8	9,027	8,327	7·7
2nd quarter	132·0	272·0	130·6	162·7	162·5	106·1	113·5	110·8	107·4	103·2	9,549	8,488	11·1
3rd quarter	147·2	103·4(6)	135·1	165·4	165·1	109·4	115·6	114·1(7)	110·8(7)	103·0(7)	9,484	8,623	9·1
4th quarter	178·6	108·1	142·0	169·4	169·2	115·6	118·0	115·1	115·8	99·4	9,745	8,741	10·3
1973 1st quarter	228·4	108·9	143·8	172·4	171·4	126·0	119·5	119·1	122·2	97·5	9,781	9,051	7·4
2nd quarter	288·9	113·8	149·3	177·9	175·6	133·3	120·1(8)	123·5	131·8	93·7	9,969	8,796	11·7
3rd quarter	334·0	118·6	154·8	180·6	179·1	150·9	124·2	128·4	144·7	88·7	10,114	8,955	11·4
4th quarter	364·2	121·1	160·0	186·8	184·8	167·6	129·1	135·3	159·5	84·8	10,095	8,957	11·2
1974 1st quarter	285·1	125·0	158·4	194·6	192·4	212·5	138·3	146·4	190·2	77·0	9,916	8,890	10·3
2nd quarter	309·2	132·2	170·2	206·1	203·7	213·7	148·9	159·1	211·3	75·3	9,836	8,782	10·7
3rd quarter	306·0	143·8	185·5	211·3	209·5	212·9	156·1	167·4	216·2	77·4	10,279	8,925	13·1
4th quarter	.. (9)	152·9		220·8	218·9	221·5	164·7						

(1) *Overseas Trade Statistics* basis. (2) Before providing for depreciation, stock appreciation and additions to tax reserves.
(3) Personal saving, including additions to reserves, as a percentage of personal disposable income. (4) Revised method of calculation to include levies on certain imported foods from 3rd quarter 1971. (5) As industrial activity was severely disrupted by restricted electricity supplies, no enquiry was held in February. The index is therefore given as an average of the January and March figures.
(6) The current series is based on 31 July 1972=100; the hourly wage rates index based on January 1956=100 was 277·3 at that date.
(7) Affected by the dock strike. (8) See footnote (2) on page 30. (9) See footnote (5) on page 2.
n.s.a. = not seasonally adjusted.

Main economic series *(continued)*

All series are seasonally adjusted unless otherwise stated

	Volume of retail sales (GB) (1)	New registrations of cars (GB)	Changes in hire purchase and other instalment debt(2)	Gross domestic fixed capital formation						Investment in stocks(3) §		Engineering (4) industries	Construction industry
				Total §	Private sector	Public sector	Manufacturing industry §	Private dwellings	Public dwellings	Total	Manufacturing	Net new orders Home market	Orders received (5)
	1971=100	Thousands	£ million	£ million at 1970 prices								1970=100	
1963 1st quarter	84·7	211·0	+ 2	1,420	833	587	338	128	81	— 4	22	..	97
2nd quarter	86·4	254·0	+ 19	1,628	901	727	354	181	125	78	— 24	..	95
3rd quarter	88·0	260·7	+ 28	1,678	906	772	346	188	133	— 10	2	..	105
4th quarter	88·2	282·9	+ 34	1,745	962	783	353	199	140	151	103	..	98
1964 1st quarter	88·7	283·6	+ 41	1,809	1,003	806	369	199	153	170	133	..	103
2nd quarter	88·9	288·0	+ 40	1,862	1,035	827	392	208	163	265	191	..	109
3rd quarter	89·4	309·5	+ 45	1,918	1,067	851	395	211	157	209	130	..	115
4th quarter	90·4	309·6	+ 42	1,940	1,084	856	413	218	157	290	199	..	127
1965 1st quarter	91·0	307·4	+ 35	1,963	1,105	858	442	221	161	169	130	..	113
2nd quarter	91·1	264·2	+ 40	1,926	1,071	855	416	208	159	142	134	..	106
3rd quarter	91·8	272·0	+ 25	1,926	1,069	857	434	206	162	175	120	..	108
4th quarter	92·5	278·9	+ 13	2,012	1,106	906	440	206	181	129	76	..	101
1966 1st quarter	93·3	296·4	+ 3	1,982	1,104	878	450	200	178	116	101	..	101
2nd quarter	93·5	315·7	— 11	1,970	1,045	925	436	201	173	137	50	..	102
3rd quarter	92·5	247·5	— 54	2,030	1,084	946	449	195	193	164	150	..	106
4th quarter	91·9	205·8	— 73	2,039	1,066	973	445	193	206	— 6	14	..	101
1967 1st quarter	93·3	240·8	— 48	2,099	1,075	1,024	439	198	209	104	39	..	126
2nd quarter	93·4	268·0	— 39	2,189	1,132	1,057	452	206	214	130	22	..	115
3rd quarter	95·2	290·5	+ 16	2,177	1,116	1,061	425	217	213	53	14	..	112
4th quarter	96·4	317·3	+ 31	2,140	1,066	1,074	419	208	212	74	— 3	..	119
1968 1st quarter	98·7	324·2	+ 34	2,257	1,147	1,110	440	218	234	— 39	— 62	..	109
2nd quarter	95·8	245·2	— 8	2,225	1,157	1,068	434	221	221	174	88	..	105
3rd quarter	96·8	263·9	+ 12	2,239	1,217	1,022	453	212	221	206	156	..	104
4th quarter	97·3	283·6	+ 8	2,299	1,273	1,026	468	220	218	164	87	..	116
1969 1st quarter	96·9	233·7	— 16	2,271	1,247	1,024	483	206	229	169	138	102	101
2nd quarter	97·8	264·3	+ 1	2,240	1,260	980	505	197	213	104	77	100	98
3rd quarter	97·2	260·1	— 3	2,292	1,295	997	520	193	234	82	27	98	101
4th quarter	96·9	229·3	— 2	2,266	1,257	1,009	519	173	224	90	68	96	110
1970 1st quarter	98·6	258·6	+ 10	2,241	1,248	993	512	171	197	31	63	101	101
2nd quarter	99·0	285·8	+ 24	2,323	1,292	1,031	536	170	202	163	110	98	103
3rd quarter	99·5	277·6	+ 20	2,315	1,314	1,001	537	177	204	160	72	99	100
4th quarter	99·1	275·2	+ 30	2,358	1,283	1,075	545	182	198	84	78	98	95
1971 1st quarter	97·8	282·4	+ 13	2,304	1,229	1,075	517	189	186	129	49	95	103
2nd quarter	99·7	289·8	+ 37	2,332	1,344	988	501	201	190	— 87	—104	92	107
3rd quarter	100·5	347·6	+107	2,323	1,357	966	499	211	170	16	— 35	101	107
4th quarter	102·1	381·7	+ 83	2,360	1,338	1,022	479	228	184	26	— 36	104	112
1972 1st quarter	102·1	371·9	+ 84	2,386	1,346	1,040	477	240	182	— 36	— 62	106	111
2nd quarter	104·8	439·8	+112	2,377	1,409	968	447	236	178	— 27	—107	104	118
3rd quarter	107·3	418·5	+118	2,362	1,401	961	438	240	169	— 13	— 42	108	105
4th quarter	109·2	432·7	+110	2,418	1,485	933	440	265	169	37	6	114	120
1973 1st quarter	111·8	454·6	+171	2,551	1,534	1,017	474	261	174	257	146	134	118
2nd quarter	108·3	406·5	+ 87	2,409	1,477	932	458	274	160	202	61	134	109
3rd quarter	110·6	428·7	+103	2,521	1,535	986	487	269	179	94	68	143	113
4th quarter	112·0	355·7	+ 77	2,523	1,541	982	501	252	170	121	99	132	96
1974 1st quarter	109·9	307·5	— 69	2,561	1,447	1,114	527	222	217	—260	—100	108	73
2nd quarter	107·5	312·3	— 45	2,366	1,443	923	527	208	178	227	138	113	75
3rd quarter	111·1	325·5	— 16	2,394	1,466	928	526	210	178	214	283	106	90(6)
4th quarter													

(1) This index is given to one decimal place but this does not imply that it can be regarded as accurate to the last digit shown.
(2) Credit extended by finance houses and retailers, i.e. durable goods shops and department stores *plus* (from 1965) other general stores, general mail order houses and the non-durable goods departments of co-operative societies.
(3) Value of physical increase in stocks and work in progress.
(4) Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX). Rebased series, figures from 1963 to 1968 not yet available.
(5) New orders for the third quarter 1974 include orders received by firms, mostly small, which have now been added to the statistical register. An allowance has been made in the index calculation for this small element of discontinuity.
(6) Provisional.

Main economic series *(continued)*

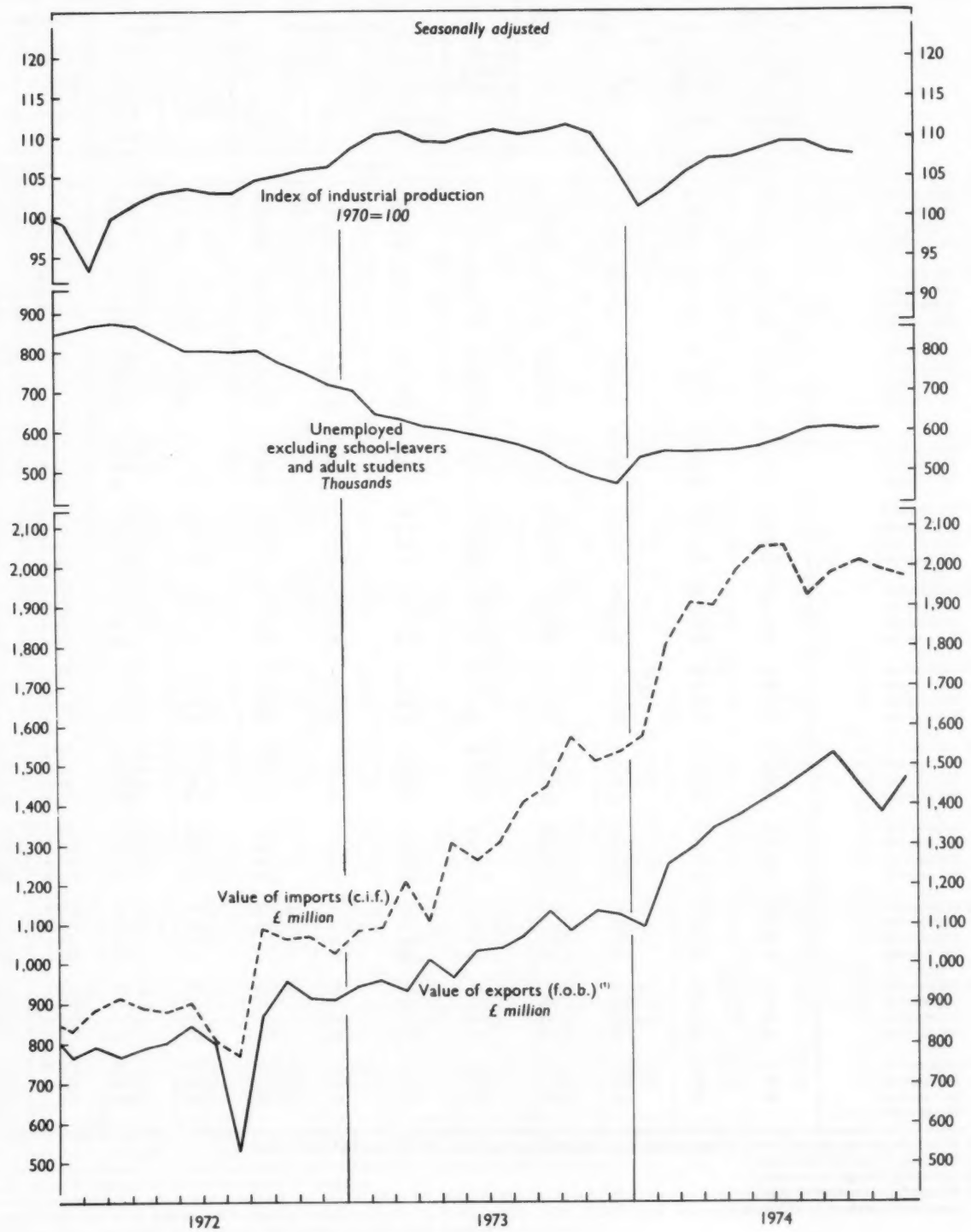
All series are seasonally adjusted unless otherwise stated

	Stock ratios		Change in money stock(1)		Domestic credit expansion	United Kingdom banking sector			Balance of payments		External trade (2)	
	Total stocks to gross domestic product (Expenditure)	Manufacturing stocks to output	M_1	M_3		Change in deposits of domestic sectors	Lending to Public sector	Lending to Private sector (3)	Current balance	Total currency flow n.s.a.	Volume of exports	Volume of imports
	End-1969=100		£ million								1970=100	
1963 1st quarter ..	99	105	..	50	145	..	..	..	+ 54	— 86	67·3	65·8
2nd quarter ..	95	101	180	246	350	232	167	196	+ 35	+ 50	69·5	68·0
3rd quarter ..	95	98	131	177	217	153	138	187	+ 26	+ 6	70·5	70·9
4th quarter ..	94	97	179	237	336	220	56	146	+ 9	— 28	71·7	72·6
1964 1st quarter ..	94	95	47	110	362	59	— 58	164	— 82	+ 1	71·6	76·2
2nd quarter ..	94	97	77	173	363	152	44	220	— 64	+ 12	72·6	76·3
3rd quarter ..	96	98	71	214	377	186	98	276	—112	—126	70·3	77·6
4th quarter ..	96	98	39	156	461	113	—398	352	—124	—582	72·5	78·7
1965 1st quarter ..	97	99	14	122	331	82	—148	186	—	—166	72·8	74·0
2nd quarter ..	98	101	108	315	318	272	175	122	— 43	—166	74·7	78·0
3rd quarter ..	98	102	12	183	140	158	167	25	— 14	—196	76·8	79·1
4th quarter ..	98	101	141	341	379	280	260	109	+ 8	+175	78·0	79·3
1966 1st quarter ..	99	101	158	285	361	256	122	111	— 43	+ 48	77·7	81·1
2nd quarter ..	100	102	— 37	62	261	15	— 54	— 26	— 29	—163	74·5	77·7
3rd quarter ..	100	103	— 25	156	159	141	38	26	— 11	—488	78·8	81·3
4th quarter ..	99	107	—199	— 36	— 69	— 14	111	— 89	+167	+ 56	82·3	76·3
1967 1st quarter ..	99	106	260	290	244	246	395	42	+ 20	+509	84·1	84·2
2nd quarter ..	99	105	130	312	278	284	271	— 60	— 70	— 12	80·5	84·7
3rd quarter ..	99	105	167	421	684	400	24	317	— 31	—506	78·1	83·9
4th quarter ..	101	103	102	321	594	291	—118	211	—232	—662	69·2	87·3
1968 1st quarter ..	98	99	23	207	650	147	—227	107	— 94	—519	87·7	94·0
2nd quarter ..	99	98	162	435	748	410	75	227	—102	—521	84·2	92·1
3rd quarter ..	98	100	157	228	203	221	374	49	— 35	— 24	89·9	95·3
4th quarter ..	98	100	76	272	395	219	—186	145	— 49	—346	90·4	94·3
1969 1st quarter ..	100	100	—107	254	108	240	— 61	221	+ 19	+272	91·0	94·0
2nd quarter ..	101	99	—147	—194	—267	—202	—198	— 33	+ 96	+ 82	96·0	96·6
3rd quarter ..	101	100	13	186	— 7	182	—306	276	+164	— 47	102·0	96·1
4th quarter ..	100	100	268	257	19	142	197	133	+170	+436	101·3	94·9
1970 1st quarter ..	102	101	15	110	—279	54	111	245	+252	+915	100·2	95·9
2nd quarter ..	101	102	339	567	494	529	170	397	+135	+227	99·5	101·3
3rd quarter ..	101	102	106	446	488	359	168	147	+ 80	—202	94·8	97·9
4th quarter ..	101	102	340	443	321	386	547	20	+218	+347	105·5	104·9
1971 1st quarter ..	103	104	378	569	15	462	260	153	+135	+973	99·8	103·8
2nd quarter ..	101	102	125	300	88	280	297	92	+284	+634	111·7	104·6
3rd quarter ..	99	102	325	504	316	456	457	566	+385	+668	113·4	103·9
4th quarter ..	99	103	207	1,012	743	967	705	833	+246	+953	111·3	107·1
1972 1st quarter ..	100	104	363	960	978	826	—501	1,373	+ 84	+ 57	109·2	112·6
2nd quarter ..	99	99	488	1,539	2,231	1,414	—641	1,584	+121	—1,045	113·2	113·2
3rd quarter ..	99	97	173	1,061	1,357	966	— 14	1,001	—110	— 79	99·3(4)	111·3(4)
4th quarter ..	96	94	479	1,739	2,312	1,598	130	1,553	— 23	—198	123·8	127·4
1973 1st quarter ..	94	92	— 36	1,485	1,566	1,347	363	1,128	—192	+ 69	123·1	128·4
2nd quarter ..	97	93	832	1,294	1,358	1,169	477	987	—197	+377	125·3	128·0
3rd quarter ..	96	92	—342	2,333	2,924	2,327	385	1,863	—272	—258	129·9	136·8
4th quarter ..	98	94	272	2,144	2,882	1,974	636	1,736	—537	+ 22	128·3	137·9
1974 1st quarter ..	98	97	—354	1,041	1,422	955	—129	1,052	—964	— 39	131·9	134·8
2nd quarter ..	97	95	426	637	1,448	480	—389	1,302	—990	+111	134·9	137·2
3rd quarter ..	97	97	346	1,099	1,939	910	— 43	1,345	—781	+183	138·5	135·7
4th quarter ..												

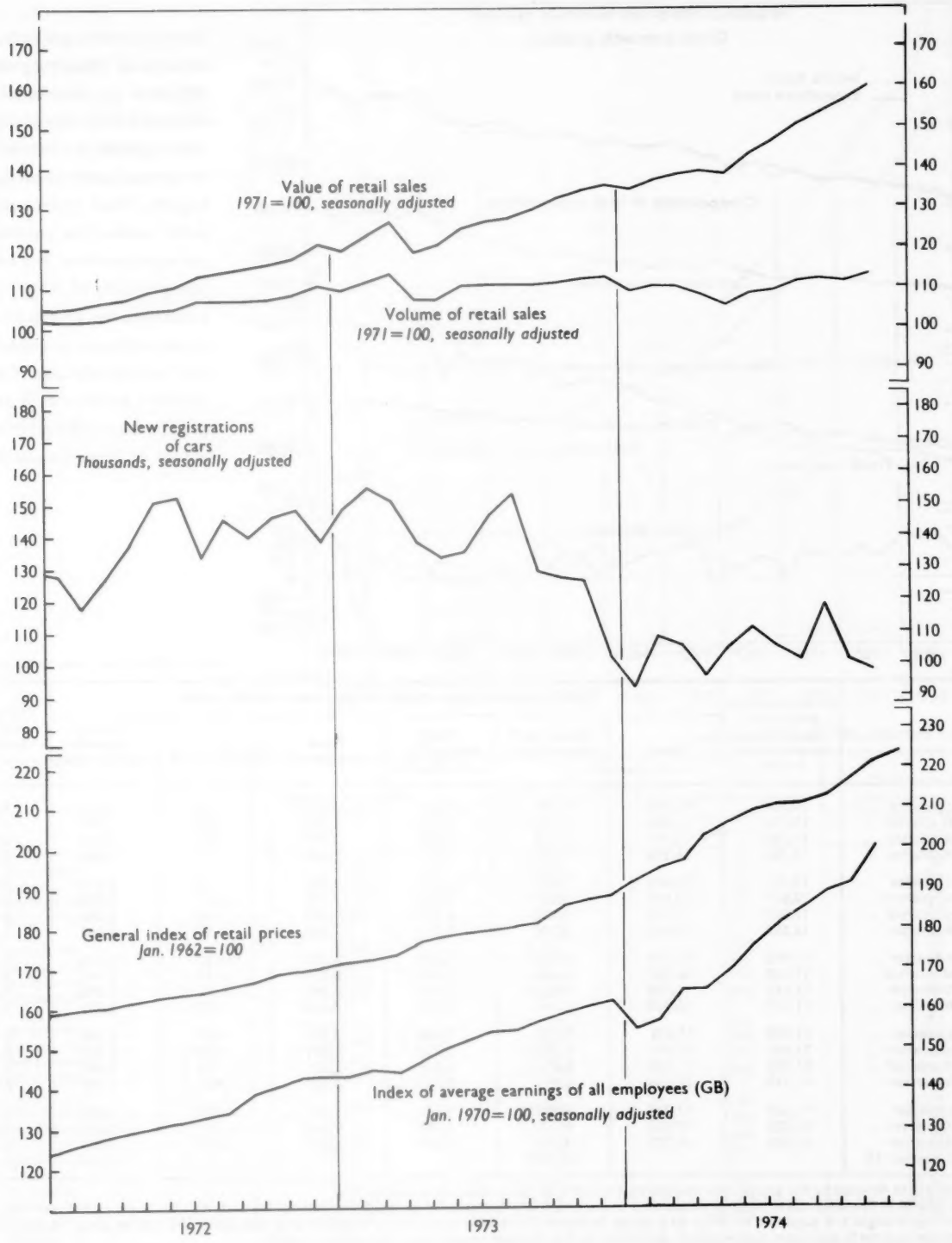
(1) An article on the definitions of money stock was published in the March 1972 issue of *Economic Trends*.
(2) *Overseas Trade Statistics* basis.
(3) Excluding foreign currencies.
(4) Affected by the dock strike.
n.s.a.=not seasonally adjusted.

Latest developments

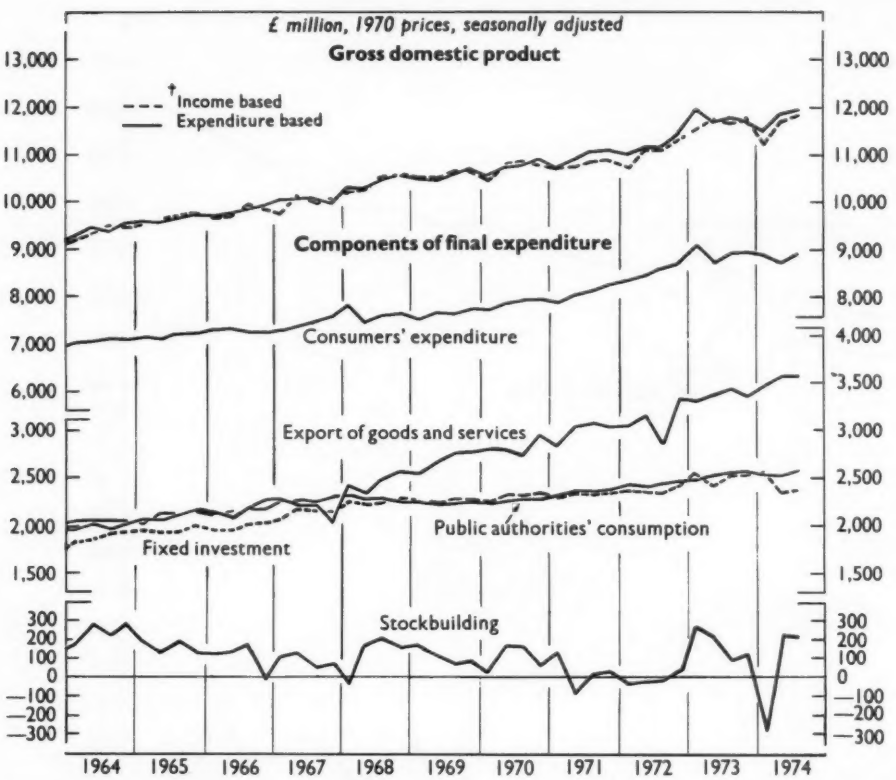
The charts in this section show key monthly indicators on a larger time scale than that used for the longer periods covered in other sections.



(1) *Overseas Trade Statistics* basis, before adjustment for recording of exports.


Value of retail sales
1971=100, seasonally adjusted
Volume of retail sales
1971=100, seasonally adjusted
New registrations
of cars
Thousands, seasonally adjusted
General index of retail prices
Jan. 1962=100
Index of average earnings of all employees (GB)
Jan. 1970=100, seasonally adjusted
1972
1973
1974

Gross domestic product and components of final expenditure



Gross domestic product is a measure of the aggregate output of the economy. When estimated from expenditure data it equals the sum of consumers' expenditure, exports, fixed investment, public authorities' consumption and stockbuilding, *less* imports (the products of other countries) and an adjustment to exclude taxes on expenditure and include subsidies. Gross domestic product at factor cost can also be estimated from output or from income data.

million, 1970 prices, seasonally adjusted

	Gross domestic product at factor cost (expenditure based)	Final expenditure on goods and services at market prices						Imports of goods and services §
		Total	Consumers' expenditure	Public authorities' consumption	Fixed investment	Stockbuilding	Exports of goods and services §	
1970 1st quarter ..	10,554	15,013	7,701	2,237	2,241	31	2,803	2,610
2nd quarter ..	10,746	15,385	7,834	2,273	2,323	163	2,792	2,758
3rd quarter ..	10,785	15,401	7,918	2,290	2,315	160	2,696	2,696
4th quarter ..	10,905	15,596	7,934	2,295	2,358	84	2,808	2,808
1971 1st quarter ..	10,721	15,441	7,867	2,310	2,304	129	2,831	2,825
2nd quarter ..	10,857	15,656	8,007	2,334	2,332	— 87	3,070	2,869
3rd quarter ..	11,093	15,918	8,139	2,355	2,323	16	3,085	2,822
4th quarter ..	11,106	16,022	8,228	2,367	2,360	26	3,041	2,879
1972 1st quarter ..	11,002	16,136	8,327	2,421	2,386	— 36	3,038	3,053
2nd quarter ..	11,169	16,387	8,488	2,408	2,377	— 27	3,141	3,066
3rd quarter ..	11,142	16,256	8,623	2,444	2,362	— 13	2,840	3,002
4th quarter ..	11,427	16,989	8,741	2,472	2,418	37	3,321	3,388
1973 1st quarter ..	11,940	17,631	9,051	2,486	2,551	257	3,286	3,423
2nd quarter ..	11,681	17,305	8,796	2,512	2,409	202	3,386	3,382
3rd quarter ..	11,786	17,550	8,955	2,539	2,521	94	3,441	3,519
4th quarter ..	11,710	17,554	8,957	2,572	2,523	121	3,381	3,580
1974 1st quarter ..	11,523	17,289	8,890	2,550	2,561	—260	3,548	3,529
2nd quarter ..	11,825	17,555	8,782	2,518	2,366	227	3,662	3,538
3rd quarter ..	11,989	17,772	8,925	2,579	2,394	214	3,660	3,549
4th quarter (')			(9,010)				(3,500)	(3,398)

† Income data deflated by the price index implied by estimates based on expenditure data.

(') The figures in brackets are preliminary estimates and are partially forecast, being based on incomplete data. At this stage, estimates of the latest quarterly changes are expected to differ on average by about £35 million (consumers' expenditure) and about £15 million (exports and imports) from the quarterly estimates subsequently published in the national income and expenditure article.

Personal disposable income, spending and borrowing

The monetary resources at the disposal of consumers consist of their disposable income *plus* their borrowing e.g. through increases in hire purchase debt. Much of this borrowing is for the purchase of consumer durables.

£ million, current prices, seasonally adjusted

	Personal disposable income	Consumers' expenditure		Changes in hire purchase and other instalment debt (²)
		Total	Durable goods(¹)	
1970 1st quarter	8,191	7,533	535	+ 10
2nd quarter	8,585	7,759	573	+ 24
3rd quarter	8,793	7,964	591	+ 20
4th quarter	8,912	8,131	623	+ 30
1971 1st quarter	9,136	8,236	640	+ 13
2nd quarter	9,437	8,641	683	+ 37
3rd quarter	9,760	8,906	799	+107
4th quarter	9,986	9,098	805	+ 83
1972 1st quarter	10,142	9,357	788	+ 84
2nd quarter	10,902	9,692	879	+112
3rd quarter	11,021	10,022	932	+118
4th quarter	11,594	10,401	986	+110
1973 1st quarter	11,876	10,993	1,060	+171
2nd quarter	12,394	10,939	948	+ 87
3rd quarter	12,779	11,319	1,025	+103
4th quarter	13,074	11,604	979	+ 77
1974 1st quarter	13,367	11,984	903	— 69
2nd quarter	13,894	12,409	974	— 45
3rd quarter	14,929	12,973	1,011	— 16
4th quarter				

(¹) Cars, motor cycles and durable household goods. (²) See footnote (²) on page 4.

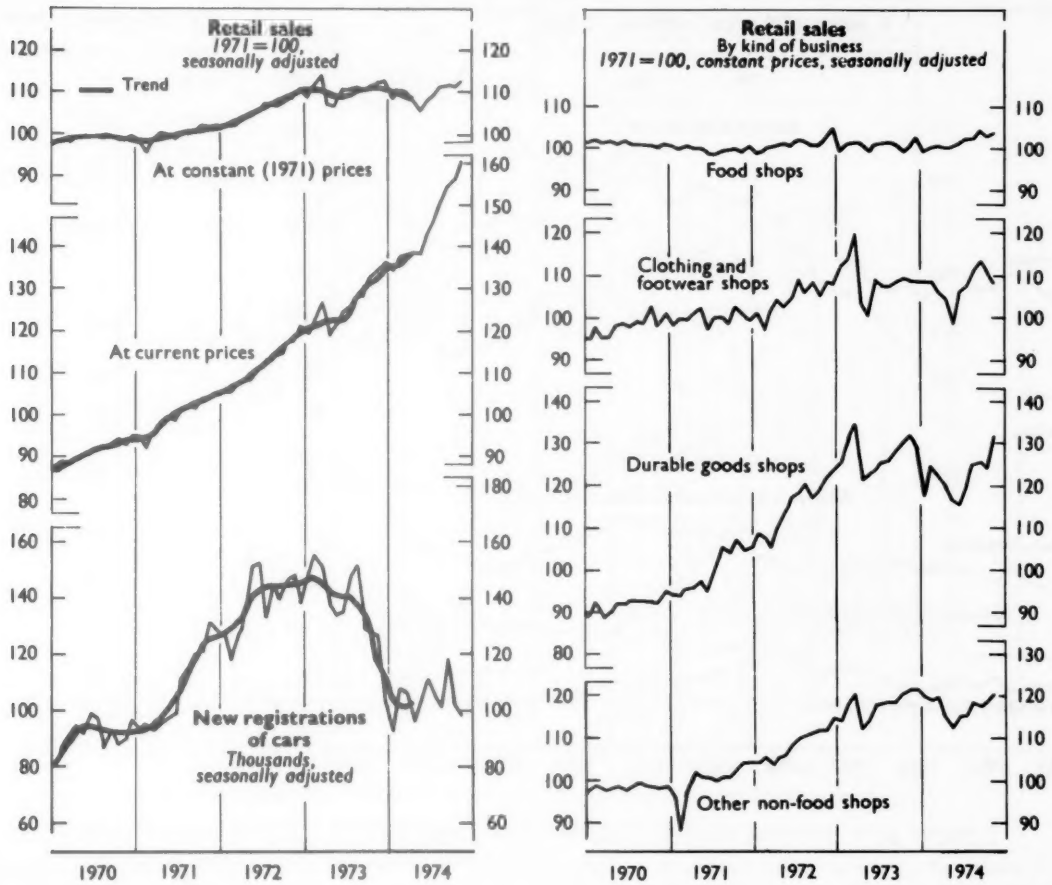
Consumers' expenditure

£ million, 1970 prices, seasonally adjusted

	Food, drink and tobacco	Housing, fuel and light	Clothing, including footwear	Durable household goods	Cars and motor cycles
1970 1st quarter	2,538	1,411	653	331	227
2nd quarter	2,588	1,404	666	336	245
3rd quarter	2,647	1,407	670	344	238
4th quarter	2,623	1,413	677	342	259
1971 1st quarter	2,595	1,415	655	339	267
2nd quarter	2,618	1,434	680	348	285
3rd quarter	2,637	1,427	672	378	358
4th quarter	2,642	1,439	685	386	353
1972 1st quarter	2,691	1,436	700	394	328
2nd quarter	2,689	1,476	693	416	377
3rd quarter	2,675	1,496	740	434	395
4th quarter	2,701	1,483	740	448	423
1973 1st quarter	2,790	1,519	801	488	435
2nd quarter	2,821	1,452	728	445	380
3rd quarter	2,836	1,488	745	459	413
4th quarter	2,870	1,493	749	471	348
1974 1st quarter	2,913	1,484	754	442	293
2nd quarter	2,799	1,517	721	408	347
3rd quarter	2,812	1,548	775	434	318
4th quarter					

Retail sales, new registrations of cars (Great Britain)

Retail sales cover about half of consumers' expenditure; purchases of new cars are a relatively small but volatile element in expenditure.

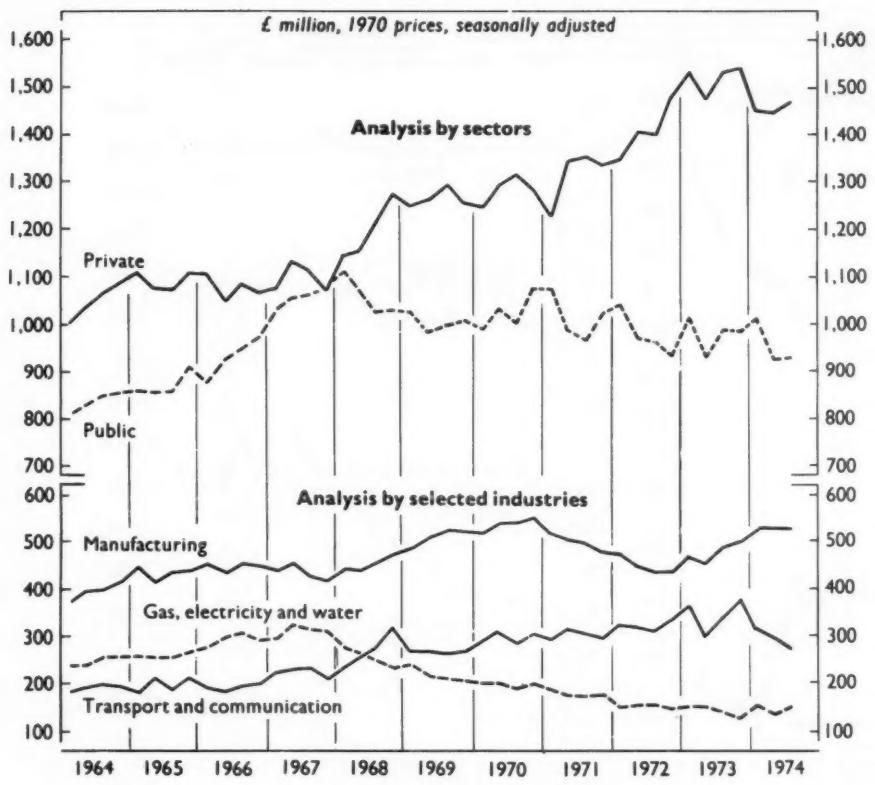


Seasonally adjusted

	Index numbers of retail sales Weekly average 1971 = 100						New registrations of cars §
	Total § (1)	Food shops § (1)	Clothing and footwear shops §	Durable goods shops §	Other non-food shops §	Total § (1)	
	At constant prices					At current prices	Thousands
Estimated sales in 1971 (£ million)	*15,895*	*6,693*	*2,314*	*1,801*	*5,087*	*15,895*	
1972 1st quarter	102·1	99·9	100	107	104	105·8	372
2nd quarter	104·8	101·1	104	114	107	109·3	440
3rd quarter	107·3	101·7	108	118	111	114·1	419
4th quarter	109·2	103·1	107	122	114	118·6	433
1973 1st quarter	111·8	100·8	116	130	118	123·5	455
2nd quarter	108·3	100·7	105	122	115	122·0	407
3rd quarter	110·6	101·4	108	127	118	127·8	429
4th quarter	112·0	101·3	109	130	121	134·2	356
1974 1st quarter	109·9	100·1	107	122	120	136·7	308
2nd quarter	107·5	100·8	103	118	115	140·5	312
3rd quarter	111·1	103·2	111	124	117	150·5	325
4th quarter							
October	111·6	102·8	111	124	119	156·3	102
November	112·9	103·9	108	132	120	160·1	98
December							

(1) These indices are given to one decimal place, but this does not imply that they can be regarded as accurate to the last digit shown.

Fixed investment



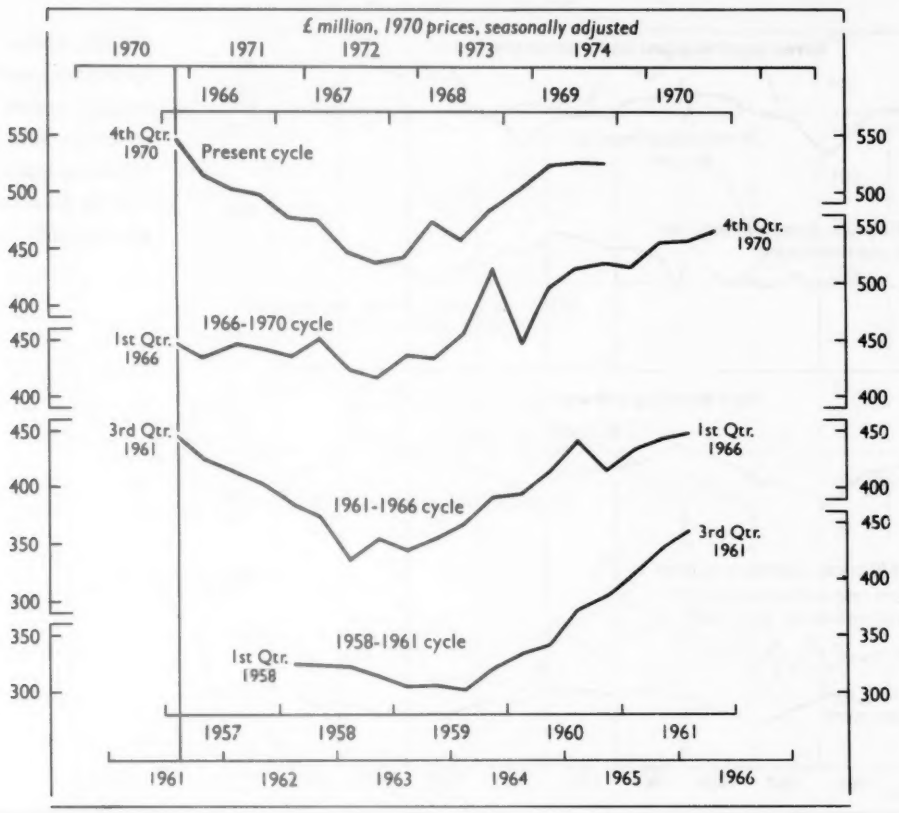
The investment cycle occurs mainly in manufacturing industry.

£ million, 1970 prices, seasonally adjusted

	Sectors		Selected industries		
	Private	Public	Manufacturing §	Gas, electricity and water	Transport and communication
1970 1st quarter	1,248	993	512	200	286
2nd quarter	1,292	1,031	536	200	308
3rd quarter	1,314	1,001	537	184	285
4th quarter	1,283	1,075	545	199	303
1971 1st quarter	1,229	1,075	517	188	297
2nd quarter	1,344	988	501	176	317
3rd quarter	1,357	966	499	174	306
4th quarter	1,338	1,022	479	179	298
1972 1st quarter	1,346	1,040	477	152	325
2nd quarter	1,409	968	447	155	320
3rd quarter	1,401	961	438	156	314
4th quarter	1,485	933	440	146	335
1973 1st quarter	1,534	1,017	474	154	368
2nd quarter	1,477	932	458	153	300
3rd quarter	1,535	986	487	141	340
4th quarter	1,541	982	501	129	379
1974 1st quarter	1,447	1,114	527	153	311
2nd quarter	1,443	923	527	138	293
3rd quarter	1,466	928	526	149	273
4th quarter					

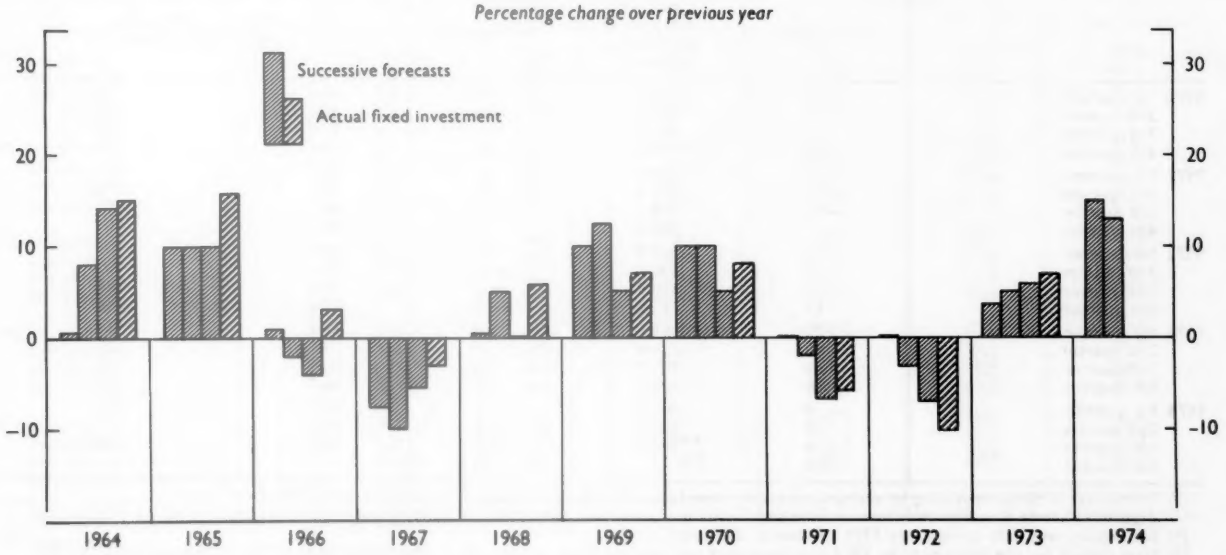
Fixed investment

Present and previous cycles of fixed investment in manufacturing industry

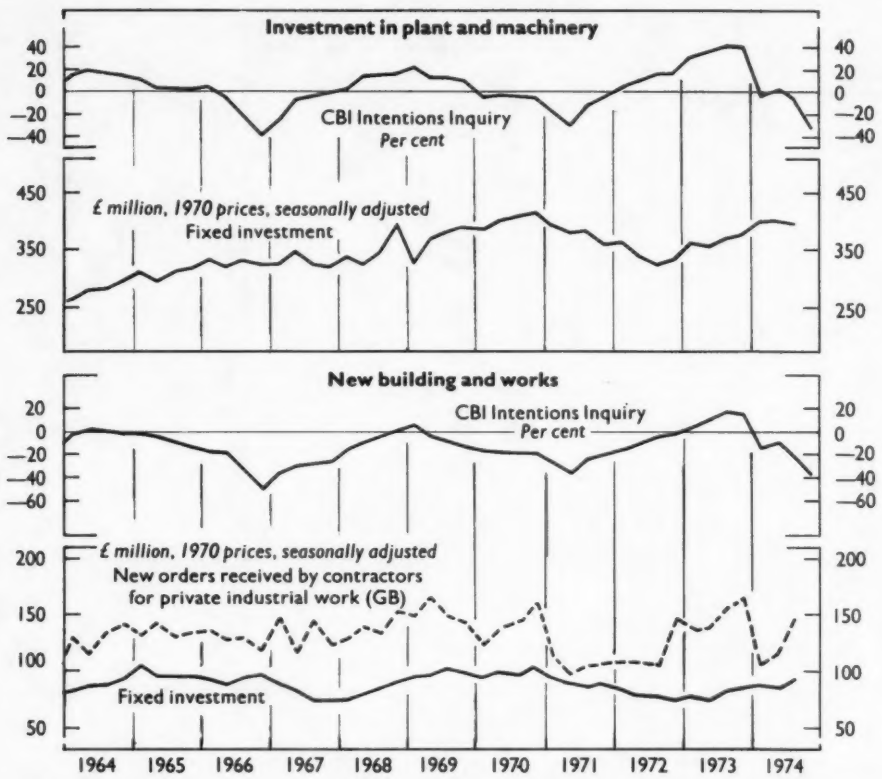


Department of Industry inquiry into investment intentions in manufacturing industry

For each year there have usually been three successive forecasts: the first in the preceding summer, the second at the end of the previous year and the third in the summer of the year concerned. Changes for the years before 1966 are in terms of current prices; those for later years are expressed in volume terms, after making an approximate allowance for price changes.



Other forward-looking indicators of fixed investment by manufacturing industry

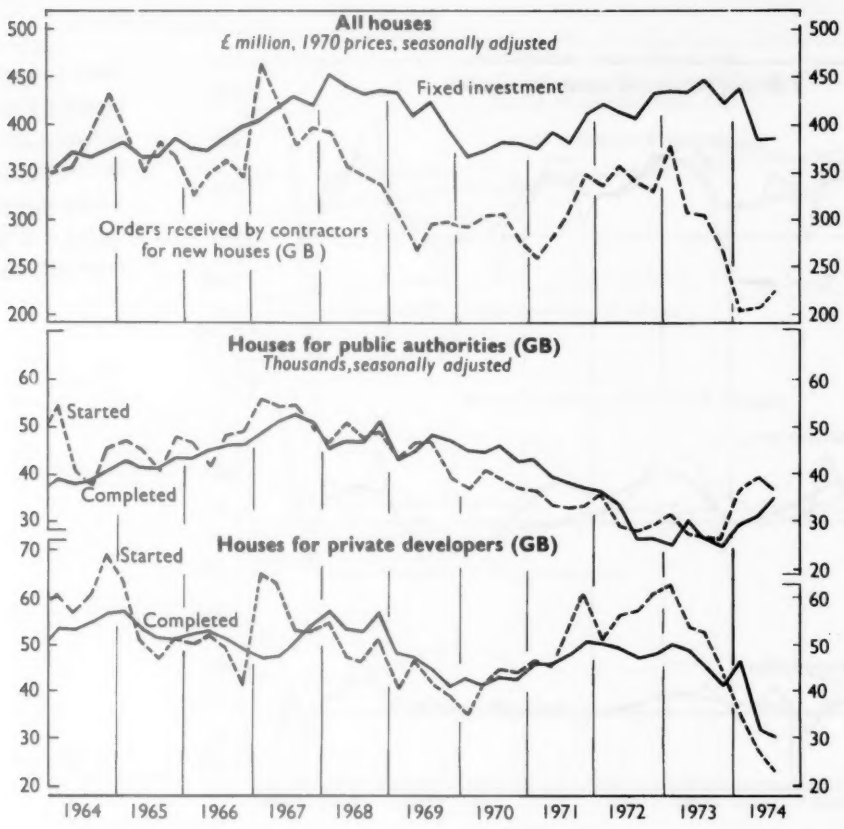


Turning points in the CBI Intentions Inquiry and in the value of orders received by contractors for private industrial work anticipate turning points in fixed investment.

	Plant and machinery in manufacturing industry		New building and works in manufacturing industry		New orders received by contractors for private industrial work (GB) [3]
	CBI Intentions Inquiry	Fixed investment	CBI Intentions Inquiry	Fixed investment	
	Per cent [1]	£ million, 1970 prices, seasonally adjusted	Per cent [1]	£ million, 1970 prices, seasonally adjusted	
1970 1st quarter	— 5	389·5	—18	92·7	124
2nd quarter	— 3	407·7	—20	99·3	138
3rd quarter	..	410·3	..	97·8	144
4th quarter	— 8	416·4	—21	101·4	160
1971 1st quarter	[2]	396·0	[2]	93·2	112
2nd quarter	—31	382·9	—37	89·6	99
3rd quarter	—13	384·5	—25	86·3	103
4th quarter	..	360·4	..	88·7	104
1972 1st quarter	3	365·2	—17	84·1	109
2nd quarter	9	338·6	—11	79·4	108
3rd quarter	16	328·9	— 4	78·9	106
4th quarter	17	333·2	— 2	73·8	148
1973 1st quarter	30	363·5	4	77·6	133
2nd quarter	35	354·4	11	73·7	137
3rd quarter	39	370·7	18	83·5	155
4th quarter	38	380·8	16	86·6	166
1974 1st quarter	— 3	403·2	—15	89·5	108
2nd quarter	2	404·4	—10	86·3	115
3rd quarter	— 6	399·1	—22	90·7	148[4]
4th quarter	—33		—39		

[1] Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less.
Figures relate to Inquiries in February, June and October of each year until 1972, when they are held in the first month of each quarter.
[2] No Inquiry was held in February 1971 because of the postal strike.
[3] New orders for the third quarter 1974 include orders received by firms, mostly small, which have been added to the statistical register.
[4] Provisional.

Forward-looking indicators of fixed investment in dwellings

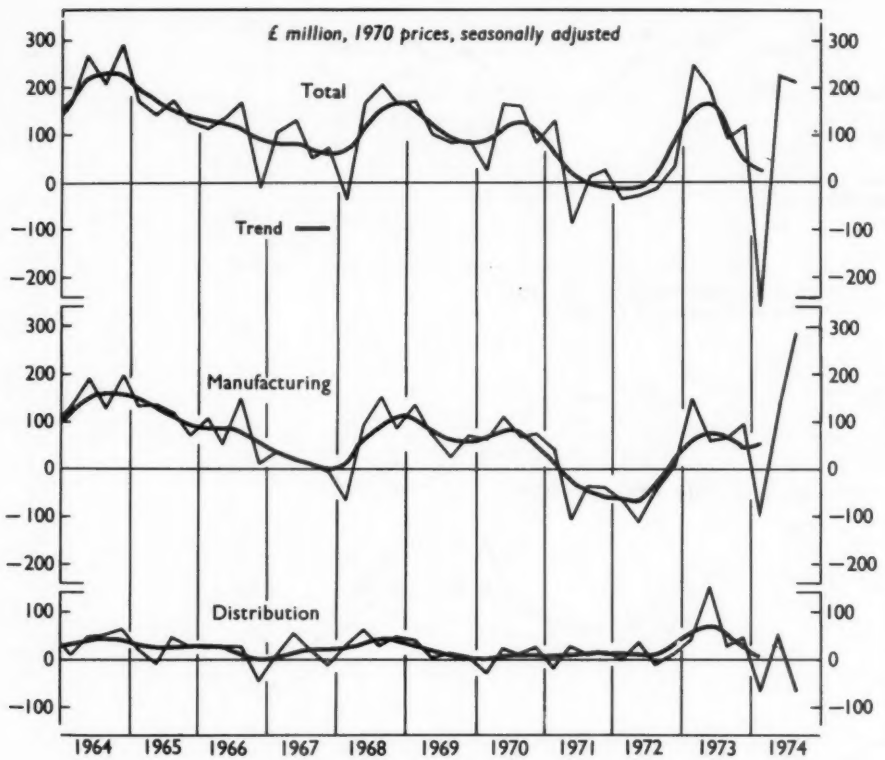


Seasonally adjusted

	Orders received by contractors for new houses (GB) (1)	Fixed investment in dwellings	Houses for public authorities (GB) §		Houses for private developers (GB) §	
			Started	Completed	Started	Completed
	£ million, 1970 prices		Thousands			
1970 1st quarter	290	368	36·2	45·7	35·0	42·6
2nd quarter	301	372	40·5	45·2	41·9	41·2
3rd quarter	303	381	40·0	46·3	44·2	43·7
4th quarter	277	380	37·4	42·9	44·0	42·8
1971 1st quarter	257	375	36·4	43·6	46·5	46·0
2nd quarter	281	391	33·4	39·5	45·8	46·0
3rd quarter	306	381	33·1	38·3	53·8	48·5
4th quarter	347	412	33·7	37·5	61·2	51·1
1972 1st quarter	334	422	36·0	36·4	51·9	50·5
2nd quarter	353	414	28·9	33·5	57·0	49·8
3rd quarter	337	409	28·2	26·4	57·4	47·9
4th quarter	328	434	29·9	26·5	61·1	48·1
1973 1st quarter	375	435	31·6	25·5	62·8	50·7
2nd quarter	306	434	27·5	30·2	54·9	48·7
3rd quarter	304	448	27·2	26·8	53·0	45·0
4th quarter	263	422	26·5	25·0	44·2	41·7
1974 1st quarter	205	439	36·4	29·3	34·3	46·6
2nd quarter	207	386	39·4	31·3	26·0	31·9
3rd quarter	225(2)	388	36·3	34·5	22·9	30·2
4th quarter						

(1) New orders for the third quarter 1974 include orders received from firms, mostly small, which have now been added to the statistical register.
(2) Provisional.

Stock changes



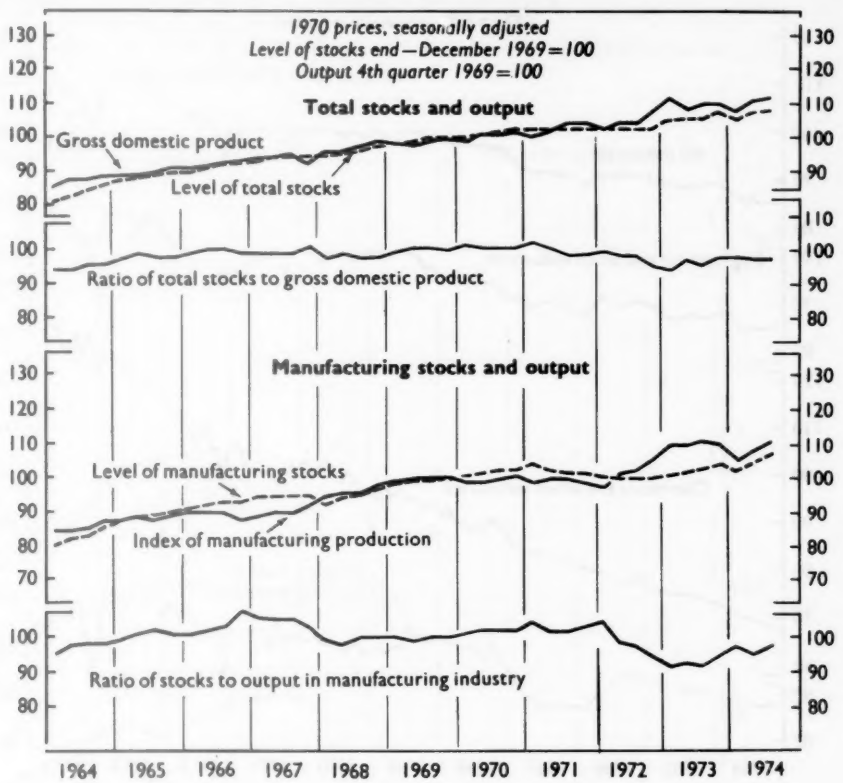
Stock changes are the value of physical increase or decrease of stocks and work in progress at constant prices, for the whole economy, for manufacturing and for wholesale and retail distribution.

£ million, 1970 prices, seasonally adjusted

	Total §	Manufacturing §	Distribution
1970 1st quarter	31	63	−24
2nd quarter	163	110	25
3rd quarter	160	72	16
4th quarter	84	78	28
1971 1st quarter	129	49	−18
2nd quarter	− 87	−104	29
3rd quarter	16	− 35	17
4th quarter	26	− 36	20
1972 1st quarter	− 36	− 62	1
2nd quarter	− 27	−107	39
3rd quarter	− 13	− 42	− 7
4th quarter	37	6	18
1973 1st quarter	257	146	43
2nd quarter	202	61	154
3rd quarter	94	68	28
4th quarter	121	99	49
1974 1st quarter	−260	−100	−65
2nd quarter	227	138	53
3rd quarter	214	283	−64
4th quarter			

Relationship of stocks and output (stock/output ratios)

The level of stocks rises broadly with the level of output but the stock cycle lags behind the output cycle; the ratio of stocks to output therefore fluctuates: stocks are sometimes high in relation to output, sometimes low.

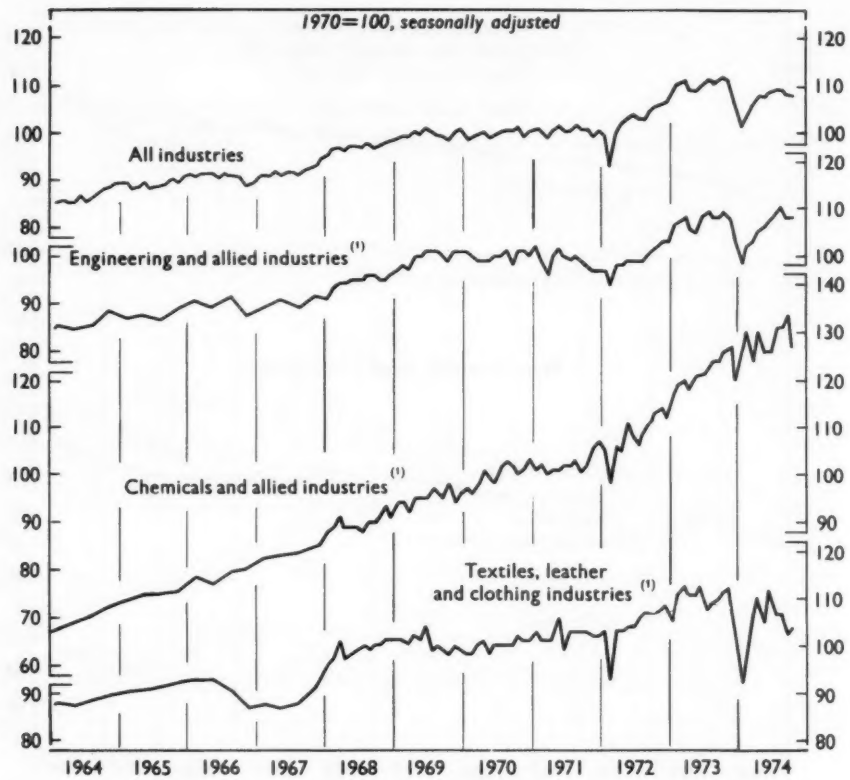


1970 prices, seasonally adjusted { Level of stocks end-Dec. 1969 = 100 / Output 4th quarter 1969 = 100

	Level of total stocks	Gross domestic product (1)	Ratio of total stocks to gross domestic product	Level of manufacturing stocks	Index of manufacturing production	Ratio of stocks to output in manufacturing industry
1970 1st quarter	100	99	102	101	99	101
2nd quarter	101	101	101	102	99	102
3rd quarter	102	101	101	103	100	102
4th quarter	103	102	101	103	101	102
1971 1st quarter	103	100	103	104	99	104
2nd quarter	103	102	101	103	100	102
3rd quarter	103	104	99	102	100	102
4th quarter	103	104	99	102	99	103
1972 1st quarter	103	103	100	101	98	104
2nd quarter	103	104	99	100	102	99
3rd quarter	103	104	99	100	103	97
4th quarter	103	107	96	100	106	94
1973 1st quarter	105	112	94	101	110	92
2nd quarter	106	109	97	102	110	93
3rd quarter	106	110	96	103	111	92
4th quarter	107	110	98	104	110	94
1974 1st quarter	105	108	98	103	106	97
2nd quarter	107	111	97	104	109	95
3rd quarter	108	112	97	107	111	97
4th quarter						

(1) Based on expenditure data.

Index of industrial production



The index of industrial production covers about half of the gross domestic product.

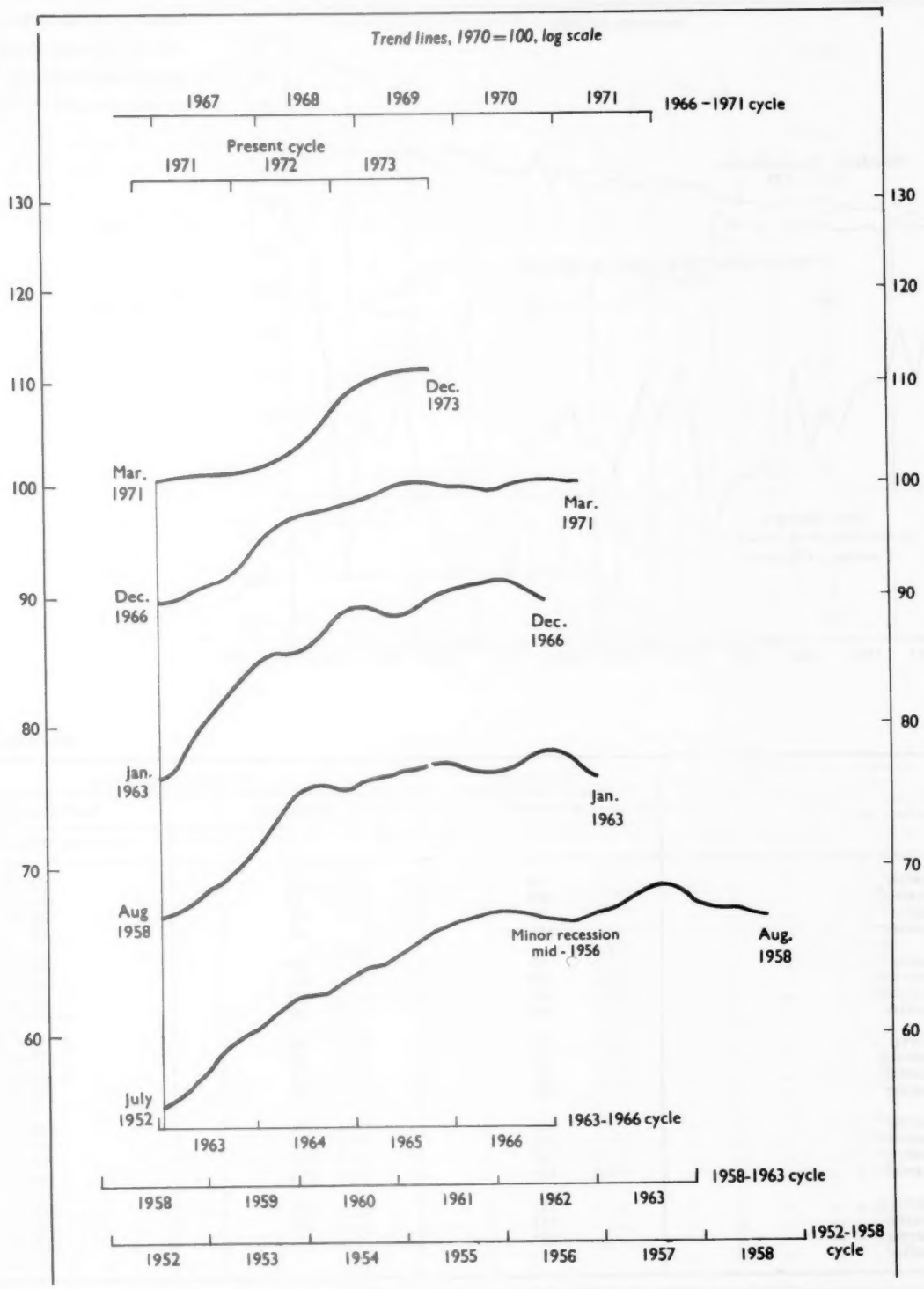
1970 = 100, seasonally adjusted

		All industries §	Manufacturing industries §		
			Engineering and allied industries	Chemicals and allied industries	Textiles, leather and clothing industries
	Weights	*1,000*	*319*	*58*	*76*
1972	October	105·3	102	113	107
	November	106·0	103	114	108
	December	106·2	103	112	109
1973	January	108·7	106	118	106
	February	110·3	107	119	111
	March	110·8	108	120	113
	April	109·4	106	118	111
	May	109·3	105	121	111
	June	110·2	108	121	113
	July	110·9	109	122	108
	August	110·4	108	124	109
	September	110·8	108	124	110
	October	111·6	109	126	111
	November	110·5	108	127	112
	December	106·2	103	120	105
1974	January	101·2	98	126	93
	February	103·1	102	130	98
	March	105·7	103	124	106
	April	107·3	105	130	110
	May	107·5	106	126	105
	June	108·6	107	126	112
	July	109·5	109	131	107
	August	109·4	110	131	107
	September	108·1	108	133	103
	October	108·0	108	128	104
	November	107·5	109	124	104
	December				

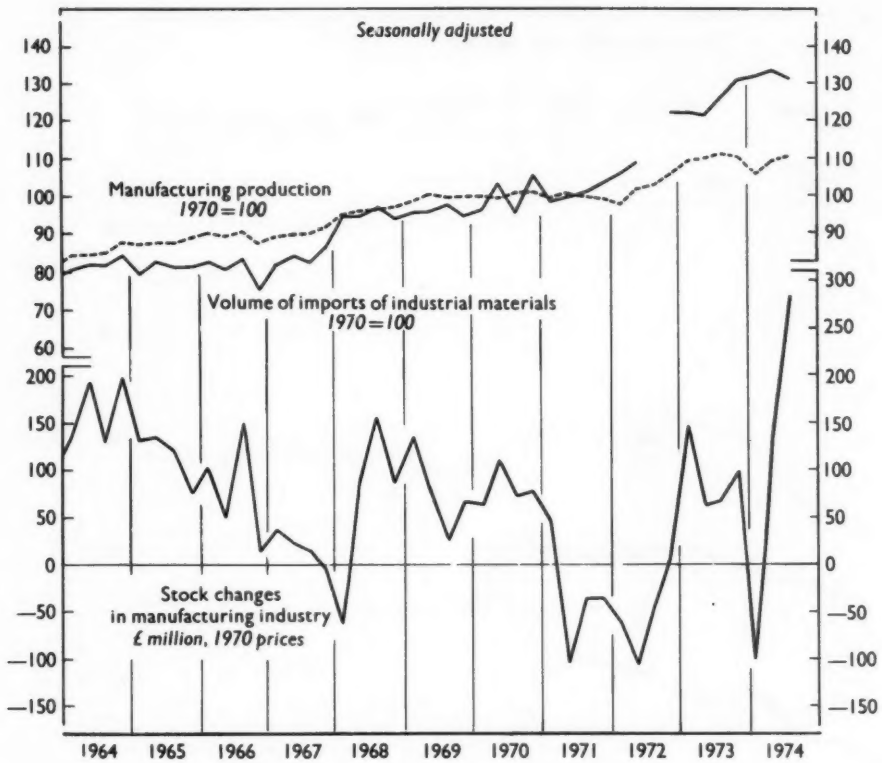
(1) Quarterly data only before 1968.

Cycles of industrial production

This chart shows cycles in the index of production (all industries).



Changes in stocks, manufacturing production and imports of industrial materials



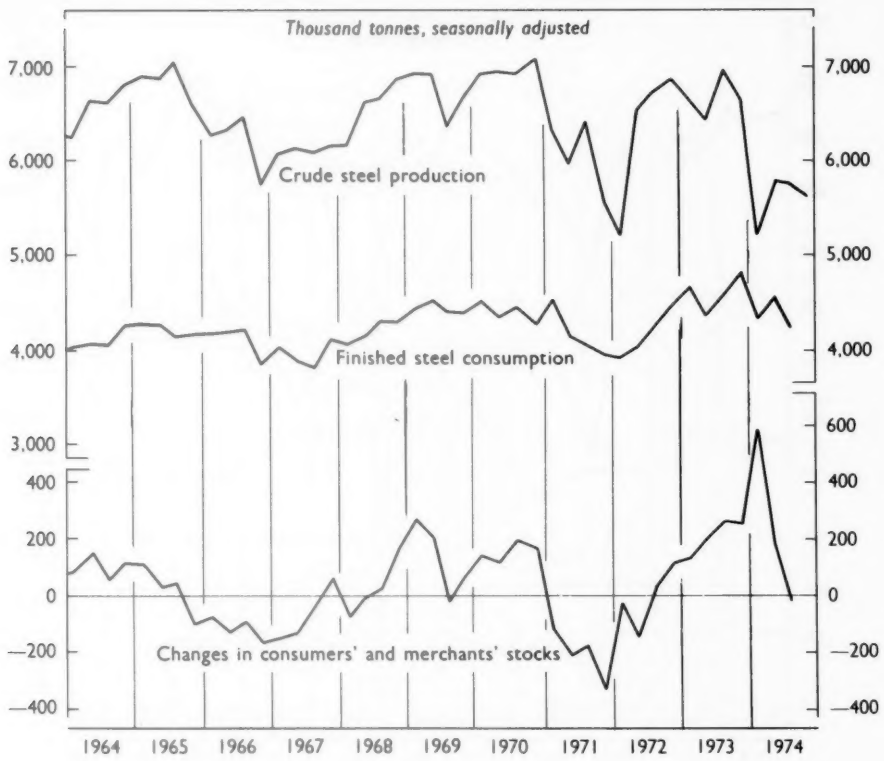
Imports of industrial materials rise or fall with rising or falling manufacturing production and stockbuilding.

Seasonally adjusted

	Volume of imports of industrial materials (1)	Manufacturing industry	
		Production	Stock changes
	1970 = 100		£ million, 1970 prices
1970 1st quarter	96	99	63
2nd quarter	103	99	110
3rd quarter	95	100	72
4th quarter	106	101	78
1971 1st quarter	98	99	49
2nd quarter	100	100	—104
3rd quarter	100	100	— 35
4th quarter	104	99	— 36
1972 1st quarter	105	98	— 62
2nd quarter	108	102	—107
3rd quarter	(2)	103	— 42
4th quarter	122	106	6
1973 1st quarter	122	110	146
2nd quarter	121	110	61
3rd quarter	127	111	68
4th quarter	131	110	99
1974 1st quarter	132	106	—100
2nd quarter	132	109	138
3rd quarter	131	111	283
4th quarter			

(1) Basic materials and semi-finished manufactures. (2) Not available, affected by the dock strike.

Steel



Thousand tonnes, seasonally adjusted

	Crude steel production §	Finished steel consumption(1)	Changes in consumers' and merchants' stocks(1)
1970 1st quarter	6,911	4,514	+142
2nd quarter	6,949	4,364	+123
3rd quarter	6,918	4,463	+193
4th quarter	7,091	4,296	+166
1971 1st quarter	6,325	4,520	—118
2nd quarter	5,976	4,158	—214
3rd quarter	6,412	4,067	—180
4th quarter	5,560	3,977	—327
1972 1st quarter	5,228	3,933	— 27
2nd quarter	6,520	4,043	—145
3rd quarter	6,731	4,275	+ 36
4th quarter	6,875	4,499	+116
1973 1st quarter	6,674	4,667	+135
2nd quarter	6,418	4,368	+203
3rd quarter	6,963	4,599	+263
4th quarter	6,649	4,811	+258
1974 1st quarter	5,234	4,358	+583
2nd quarter	5,804	4,590	+188
3rd quarter	5,792	4,254(2)	— 16(2)
4th quarter	5,630		

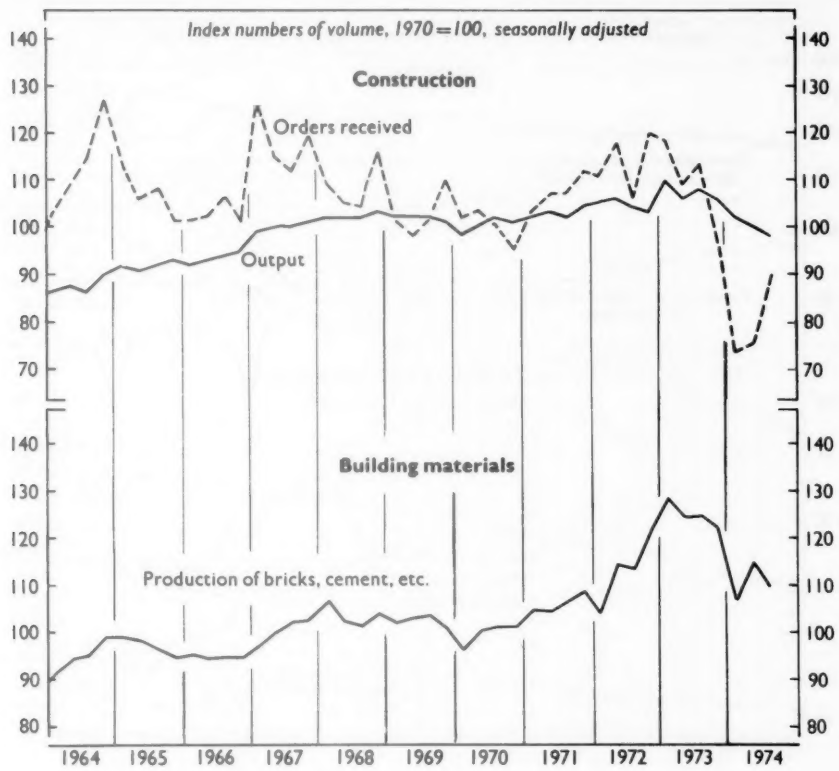
(1) From 1st quarter 1971 includes welded tubes, over 400mm internal diameter, previously excluded.
(2) Provisional.

Motor vehicle production

Thousands, seasonally adjusted

	Passenger cars			Commercial vehicles §
	Total	For home market §	For export §	Total
1970 1st quarter	407·8	223·2	184·6	109·1
2nd quarter	418·8	236·3	182·5	121·0
3rd quarter	346·9	196·2	150·7	93·6
4th quarter	467·4	262·4	205·0	133·8
1971 1st quarter	395·2	210·8	184·4	101·1
2nd quarter	428·9	240·7	188·2	123·6
3rd quarter	436·6	262·0	174·6	117·5
4th quarter	481·2	313·9	167·3	113·9
1972 1st quarter	439·5	290·3	149·2	92·0
2nd quarter	480·5	323·6	156·9	104·0
3rd quarter	491·8	345·0	146·8	100·7
4th quarter	509·5	349·0	160·5	111·4
1973 1st quarter	437·7	297·5	140·2	102·1
2nd quarter	417·3	272·3	145·0	101·4
3rd quarter	444·4	292·3	152·1	112·5
4th quarter	447·9	280·1	167·8	100·7
1974 1st quarter	355·8	222·8	133·0	86·5
2nd quarter	415·2	260·2	155·0	101·7
3rd quarter	397·9	241·5	156·4	114·2
4th quarter	..	..	..	..

Construction industry

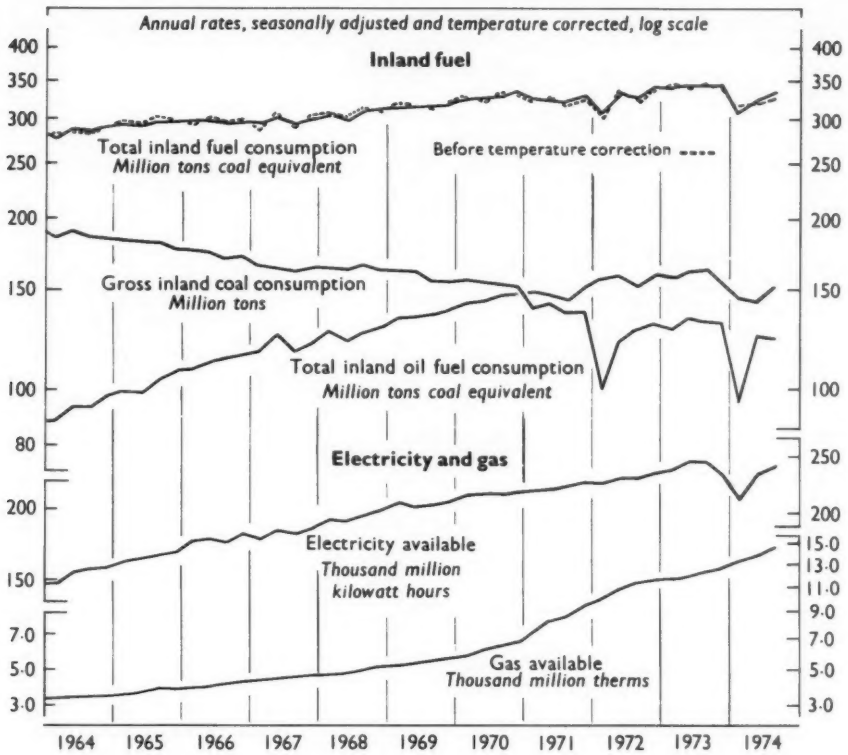


Index numbers of volume, 1970 = 100, seasonally adjusted

	Construction		Production of bricks, cement, etc.(1)
	Output(2) §	Orders received(3)	
1970 1st quarter	98	101	96
2nd quarter	100	103	100
3rd quarter	102	100	102
4th quarter	101	95	102
1971 1st quarter	102	103	105
2nd quarter	103	107	105
3rd quarter	102	107	107
4th quarter	104	112	109
1972 1st quarter	105	111	104
2nd quarter	106	118	114
3rd quarter	104	105	114
4th quarter	103	120	122
1973 1st quarter	110	118	128
2nd quarter	106	109	124
3rd quarter	108	113	124
4th quarter	106	96	122
1974 1st quarter	102	73	107
2nd quarter	100	75	115
3rd quarter	98(4)	90(4)	110
4th quarter			

(1) Index of industrial production series.
(2) This index is based on an output series which includes repair and maintenance, estimates of unrecorded output by small firms and self-employed workers, and output by the direct labour departments of the public sector.
(3) New orders for the third quarter 1974 include orders received from firms, mostly small, which have been added to the statistical register. An allowance has been made in this index calculation for this small element of discontinuity.
(4) Provisional.

Inland fuel and power consumption

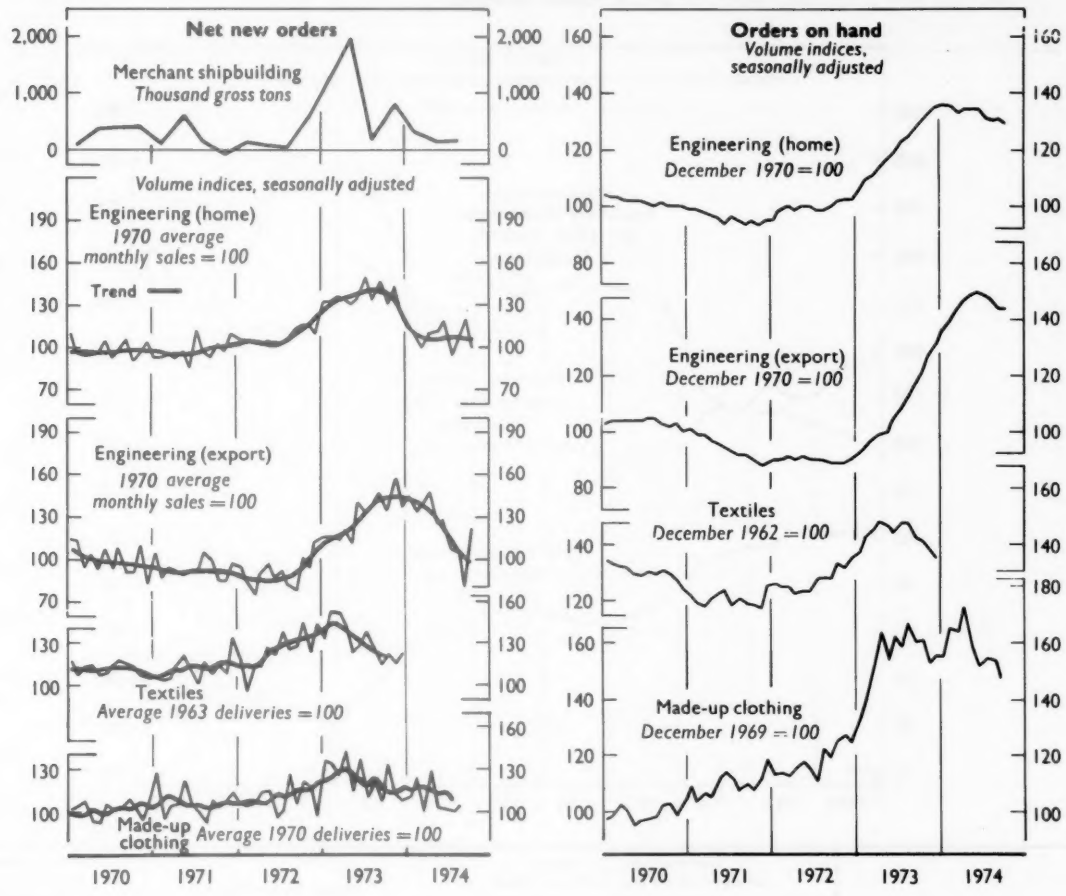


Annual rates, seasonally adjusted and temperature corrected

	Total inland fuel consumption (1)	Gross inland coal consumption (1)	Total inland oil fuel consumption (1)	Electricity available (2) (GB)	Gas available (3) (GB)
	Million tons coal equivalent	Million tons	Million tons coal equivalent	Th. million kilowatt hours	Thousand million therms
1970 1st quarter ..	330·8	162·6	140·9	212·7	5·88
2nd quarter ..	325·3	155·0	143·3	213·4	6·17
3rd quarter ..	329·7	150·9	148·6	213·3	6·43
4th quarter ..	330·9	148·4	149·1	215·2	6·73
1971 1st quarter ..	332·4	140·6	149·7	217·0	7·33
2nd quarter ..	325·8	140·0	148·1	218·3	8·01
3rd quarter ..	321·5	134·8	144·6	220·1	8·52
4th quarter ..	331·4	136·3	151·3	223·3	9·15
1972 1st quarter ..	310·5	103·6	158·1	222·4	9·98
2nd quarter ..	331·2	119·6	159·1	227·8	10·70
3rd quarter ..	334·7	126·4	152·7	228·3	11·18
4th quarter ..	346·6	131·6	160·6	233·8	11·42
1973 1st quarter ..	343·9	132·6	158·0	237·8	11·51
2nd quarter ..	345·0	132·8	161·0	244·8	11·69
3rd quarter ..	349·4	129·6	164·3	243·5	12·08
4th quarter ..	347·7	130·7	155·6	232·6	12·56
1974 1st quarter ..	302·3	92·4	145·3	211·3	13·17
2nd quarter ..	332·8	125·7	145·1	236·3	13·81
3rd quarter ..	348·0	126·0	152·9	241·4	14·49
4th quarter ..					

(1) The seasonal adjustment factors have been revised, and the basis for converting natural gas to coal equivalent has been changed from 280 therms per ton to 255 therms per ton. The revised figures are not yet reflected in the above chart.
(2) The inclusion of Northern Ireland would add about 2% to the total. (3) The inclusion of Northern Ireland would add about 0·5% to the total.

Orders: selected manufacturing industries



	Engineering industries (1)				Textiles industry		Made-up clothing industry		Merchant shipbuilding
	Home market		Export						
	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Orders on hand end of period	Net new orders	Net new orders
	Dec.1970=100	1970 average monthly sales=100	Dec.1970=100	1970 average monthly sales=100	Dec.1962=100	Average 1963 deliveries=100	Dec.1969=100	Average 1970 deliveries=100	Thousand gross tons
	Seasonally adjusted								
1972 1st qtr. ..	100	106	91	85	125	110	113	105	143
2nd qtr...	100	104	90	92	124	120	116	110	72
3rd qtr...	100	108	89	84	128	131	120	112	22
4th qtr...	103	114	90	103	135	138	125	113	585
1973 1st qtr. ..	111	134	97	116	145	146	153	131	1,293
2nd qtr...	119	134	105	124	145	132	163	131	1,992
3rd qtr...	128	143	117	139	143	127	160	114	243
4th qtr...	134	132	130	143	135	120	155	117	829
1974 1st qtr. ..	133	108	143	139			173	117	254
2nd qtr...	134	113	150	133			161	118	146
3rd qtr...	131	106	143	98			147	107	153
4th qtr...									
July ..	131	94	149	108			155	105	
August ..	130	105	147	106			154	109	
September	131	120	143	80			147	108	
October ..	129	100	143	121					

(1) Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX).

Unemployment and unfilled vacancies, hours worked
Great Britain

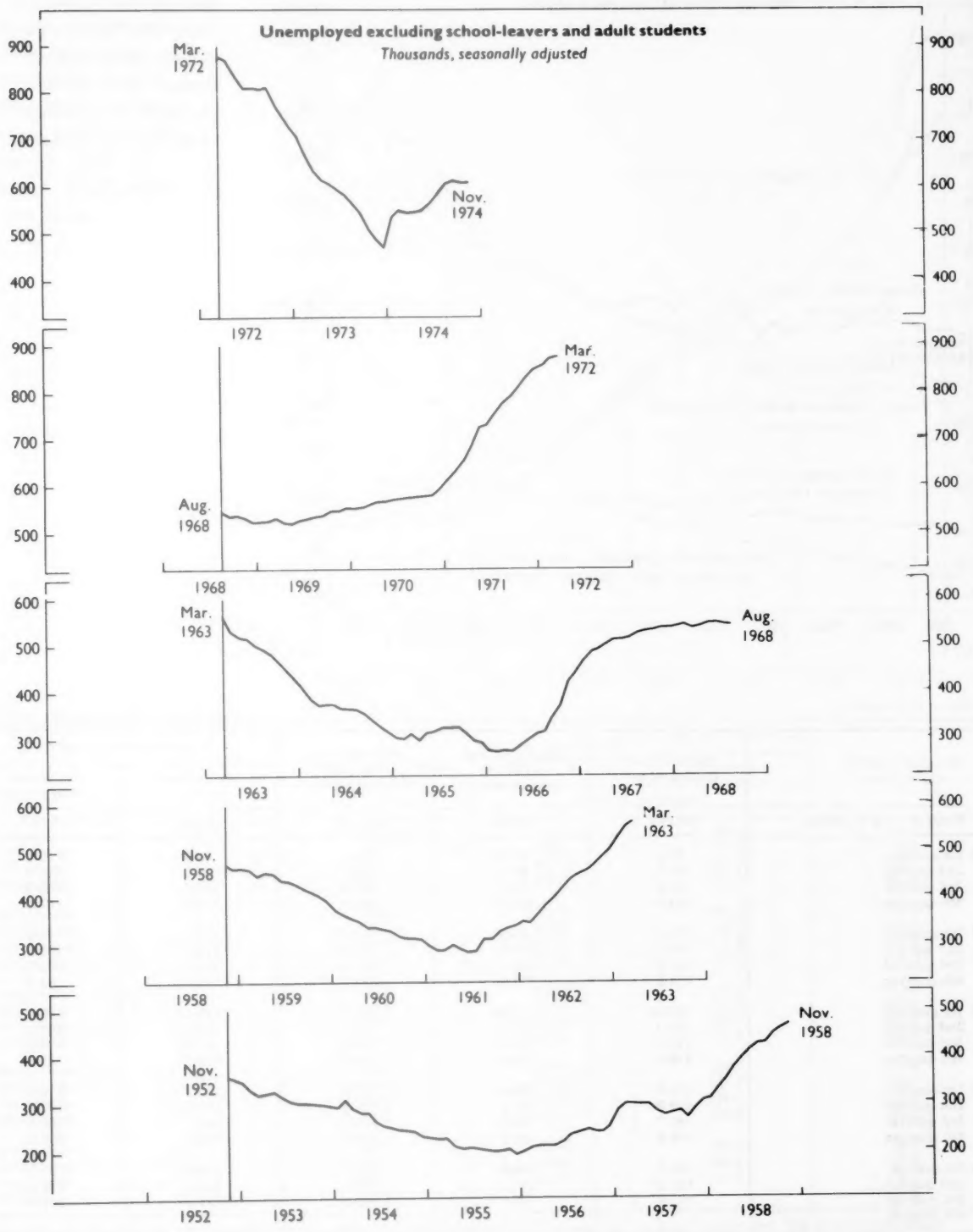
	Unemployed excluding school-leavers and adult students			Vacancies notified to employment offices §		Total operative hours worked in manufacturing industry
	Total §		Production industries			
	Actual	Seasonally adjusted	Actual	Actual	Seasonally adjusted	1962=100 Seasonally adjusted
	Thousands					
1973 January	760	702	376	185	203	82·4
February	711	663	348	219	230	84·1
March	678	635	331	244	252	82·8
April	644	616	313	273	271	82·9
May	588	605	289	301	291	83·1
June	541	593	268	323	304	83·1
July	528	581	257	337	324	83·0
August	530	563	256	335	330	83·0
September	514	542	246	353	349	82·6
October	502	512	235	365	363	82·8
November	491	486	228	363	368	82·9
December	483	470	229	348	362	83·5
1974 January	593	535	292	285	304	76·0
February	596	549	297	267	278	77·7
March	588	545	295	267	274	80·3
April	574	546	283	298	297	81·7
May	530	548	264	324	314	82·0
June	509	561	255	336	317	81·6
July	528	582	259	330	317	81·6
August	573	606	281	303	298	81·6
September	584	612	285	307	303	81·2
October(1)	597	607	290	299	297	80·1
November(1)	613	608	299	271	276	79·9
December(2)	..	..	..	..	..	

(1) The unemployment and vacancies figures include estimates for a small proportion of offices that did not render returns.
(2) Figures for unemployment and vacancies are not available. See note on page 48 in the January 1975 issue of the *Department of Employment Gazette*.

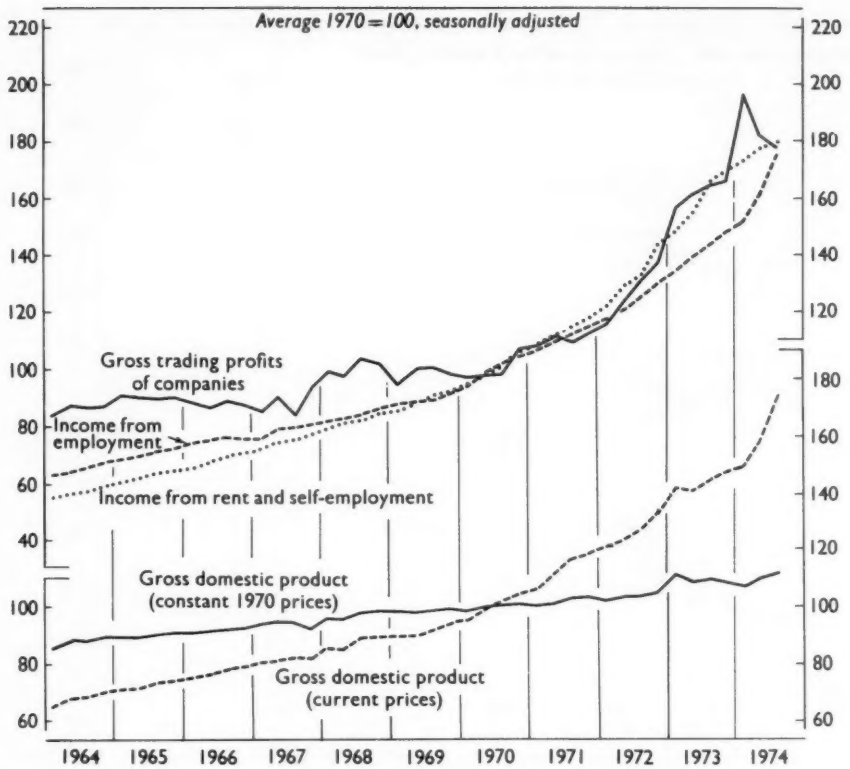
Present and previous cycles of unemployment

Great Britain

The unemployment cycle has usually lagged some months behind the production cycle (see page 19).



Incomes and output



Incomes have generally risen faster than output; as a consequence gross domestic product has grown faster in money value than in real terms.

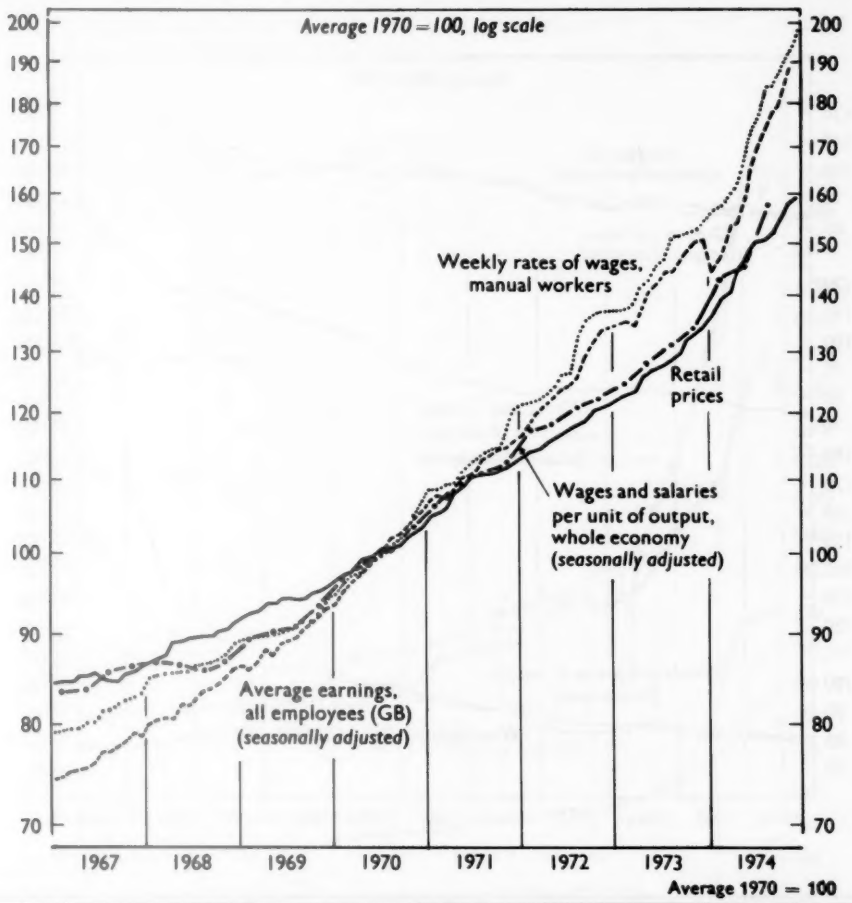
Average 1970 = 100, seasonally adjusted

	Income from employment §	Gross trading profits of companies §	Income from rent and self-employment §	Gross domestic product(1)	
				At current prices	At constant (1970) prices §
Value in 1973 (£ million)	*42,890*	*8,476*	*11,138*	*62,188*	*47,117*
1970 1st quarter	94·5	97·0	95·0	94·9	98·2
2nd quarter	99·5	97·9	98·1	99·0	100·0
3rd quarter	102·2	98·3	101·8	101·1	100·3
4th quarter	103·9	106·8	105·1	105·0	101·5
1971 1st quarter	106·3	107·1	107·7	105·4	99·8
2nd quarter	109·4	111·2	111·8	110·0	101·0
3rd quarter	112·5	110·7	115·4	116·3	103·2
4th quarter	114·5	112·9	118·3	118·4	103·3
1972 1st quarter	117·4	115·8	121·7	120·6	102·4
2nd quarter	122·2	123·9	127·7	124·1	103·9
3rd quarter	125·4	131·8	132·4	127·2	103·7
4th quarter	130·6	138·4	144·2	133·7	106·8
1973 1st quarter	134·8	156·6	148·0	142·7	111·1
2nd quarter	139·8	161·2	155·2	141·5	108·7
3rd quarter	143·7	164·3	164·5	146·1	109·7
4th quarter	148·8	166·5	169·9	148·2	109·0
1974 1st quarter	151·9	195·9	172·7	149·0	107·2
2nd quarter	161·3	182·4	177·5	157·6	110·0
3rd quarter	175·8	178·1	180·0	173·7	111·6
4th quarter					

(1) Gross domestic product at factor cost, based on expenditure data.

Wage rates, earnings, wages and salaries per unit of output and retail prices

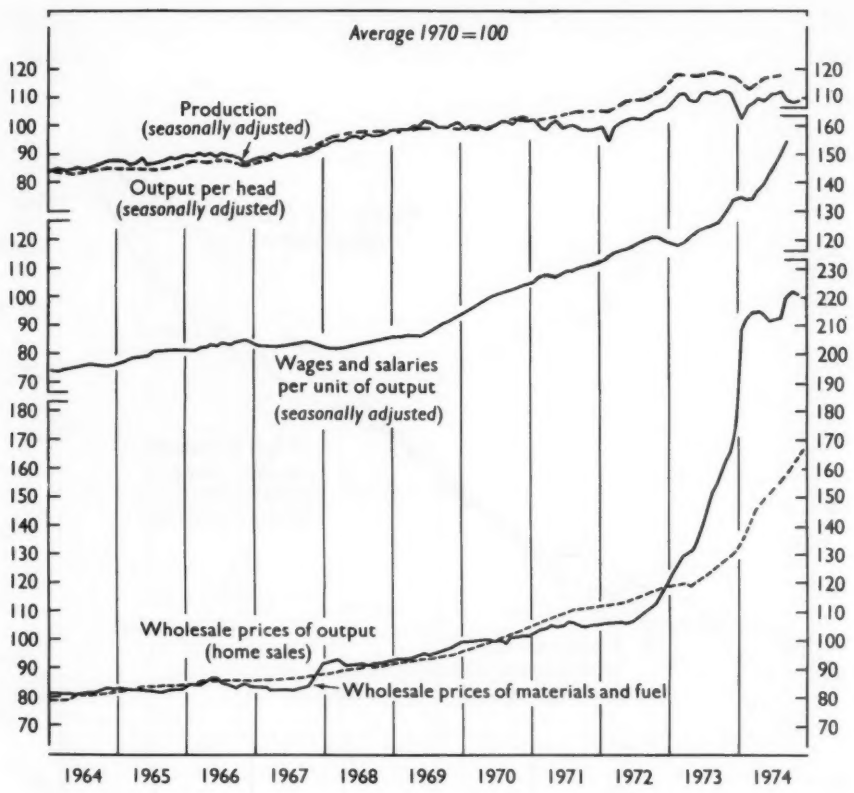
Wage and salary earnings tend to rise together and faster than retail prices. In most periods, earnings rise faster than basic rates of pay but, with increasing productivity, wages and salaries per unit of output rise more slowly.



	Weekly rates of wages, manual workers	Average earnings, all employees (GB) §	Wages and salaries per unit of output, whole economy	General index of retail prices
		Seasonally adjusted		
1970 1st quarter	96·0	95·2	96·6	97·1
2nd quarter	98·3	98·4	99·1	99·5
3rd quarter	100·8	101·5	100·9	100·6
4th quarter	104·8	104·9	103·2	102·7
1971 1st quarter	108·8	107·4	106·7	105·5
2nd quarter	111·1	109·8	109·1	109·3
3rd quarter	113·9	112·9	111·3	110·8
4th quarter	117·7	114·9	112·5	112·2
1972 1st quarter	121·7	118·3(¹)	117·1	113·9
2nd quarter	124·4	122·4	117·7	116·1
3rd quarter	131·1	126·6	120·7	117·9
4th quarter	136·8	133·1	122·9	120·8
1973 1st quarter	137·8	134·7	124·3	123·0
2nd quarter	143·8	139·9	127·7	126·9
3rd quarter	149·8	145·1	131·2	128·8
4th quarter	152·9	149·9	134·3	133·2
1974 1st quarter	157·7	148·4	143·0	138·8
2nd quarter	166·9	159·4	146·1	147·0
3rd quarter	181·3	173·9	157·3	150·7
4th quarter	192·9			157·5

(¹) As industrial activity was severely disrupted by restricted electricity supplies, no enquiry was held in February. The index is therefore given as an average of the January and March figures.

Manufacturing industry: output, costs and prices



There are cyclical variations in the growth of output per head and in wages and salaries per unit of output. Wholesale prices of output are not generally sensitive to these short-term fluctuations but follow rather their long-term trend.

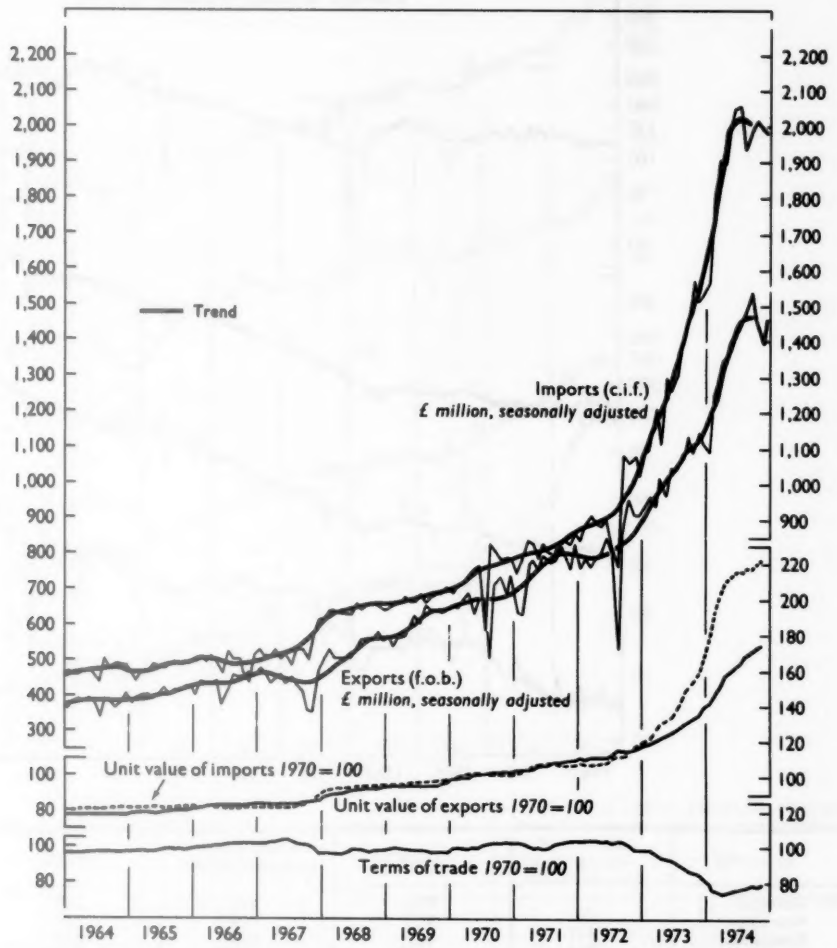
Average 1970 = 100

	Production	Output per head	Wages and salaries per unit of output	Wholesale prices	
	Seasonally adjusted			Materials and fuel(1)	Output Home sales(2)
1970 1st quarter ..	99·3	98·9	95·6	99·2	96·7
2nd quarter ..	99·4	99·1	99·1	99·7	98·9
3rd quarter ..	100·4	100·5	101·4	99·8	100·9
4th quarter ..	100·9	101·5	104·1	101·4	103·4
1971 1st quarter ..	99·4	100·5	106·6	103·0	106·3
2nd quarter ..	100·2	103·0	107·1	104·9	108·7
3rd quarter ..	99·8	103·7	109·4	105·6	110·3
4th quarter ..	98·9	104·2	112·0	104·8	110·8
1972 1st quarter ..	97·7	103·9	114·3(3)	105·6	112·1
2nd quarter ..	101·6	108·4	116·9	106·1	113·5
3rd quarter ..	102·9	109·9	119·5	109·4	115·6
4th quarter ..	106·0	113·5	120·2	115·6	118·0
1973 1st quarter ..	109·9	117·2	118·3	126·0	119·5
2nd quarter ..	110·1	117·0	122·1	133·3	120·1
3rd quarter ..	111·4	118·3	125·1	150·9	124·2
4th quarter ..	110·4	116·8	131·2	167·6	129·1
1974 1st quarter ..	105·5	112·0	134·3	212·5	138·3
2nd quarter ..	109·3	115·9	140·3	213·7	148·9
3rd quarter ..	110·6	117·2	147·6	212·9	156·1
4th quarter ..				221·5	164·7

(1) Revised method of calculation to include levies on certain imported foods from 3rd quarter 1971. (2) Reductions in the VAT-exclusive prices of alcoholic liquor, tobacco and cigarettes, matches and mechanical lighters took place in April. These reductions resulted from lower revenue duties designed to offset additional tax revenue from VAT. With unchanged prices in April for these products, index numbers for quarters from 2nd quarter 1973 onwards would have been higher by 1·7. (3) Average of the January and March figures. See footnote (1) on page 29.

Exports and imports : sterling effective exchange rate : terms of trade

The index numbers of unit value give measures of price changes in United Kingdom exports and imports. A rise in the terms of trade (unit value index for exports divided by unit value index for imports) is favourable to the visible balance of payments.

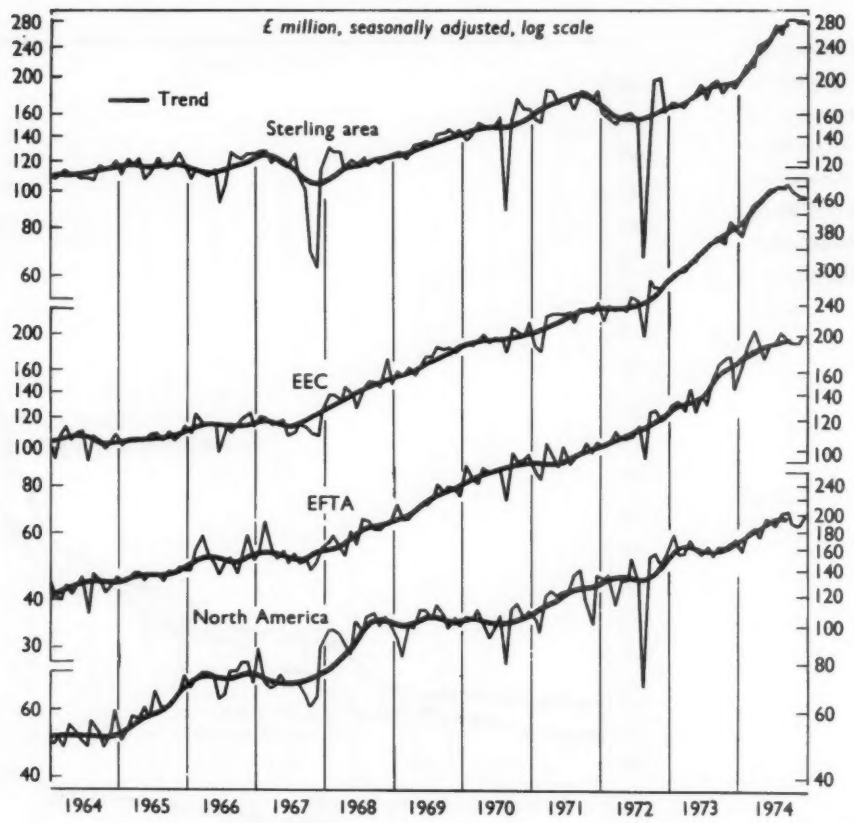


	Exports (f.o.b.) §	Imports (c.i.f.) §	Sterling effective exchange rate	Unit value of exports	Unit value of imports	Terms of trade
	£ million, seasonally adjusted		19 Dec. 1971(1)=100	1970=100		
1973 July ..	1,042	1,308	84·08	126·5	139·1	90·9
August ..	1,075	1,410	82·58	128·2	144·5	88·7
September ..	1,134	1,445	81·60	130·6	150·4	86·8
October ..	1,089	1,574	80·91	131·6	153·8	85·6
November ..	1,137	1,515	81·64	135·1	158·5	85·2
December ..	1,126	1,533	82·16	139·2	166·2	83·8
1974 January ..	1,093	1,575	82·74	141·6	176·9	80·1
February ..	1,259	1,817	82·45	146·1	191·8	76·2
March ..	1,294	1,908	82·46	151·6	201·8	75·1
April ..	1,347	1,900	83·01	156·1	208·6	74·8
May ..	1,374	1,988	83·02	158·5	210·7	75·2
June ..	1,411	2,051	83·01	162·6	214·6	75·8
July ..	1,442	2,053	83·04	164·0	215·0	76·3
August ..	1,483	1,929	82·60	168·0	217·3	77·3
September ..	1,534	1,990	82·22	170·1	216·4	78·6
October ..	1,458	2,015	81·84	171·6	219·4	78·2
November ..	1,384	1,995	80·44	174·9(2)	221·5(2)	79·0(2)
December ..	1,464	1,978	79·04			

Note : The figures on this page are calculated on an *Overseas Trade Statistics* basis. No adjustment has been made for factors affecting the recording of exports. The imports figures exclude US military aircraft.

(1) Date of the Smithsonian Agreement. Monthly figures are trade-weighted averages of end-month rates. A methodological article on the 'effective' exchange rate was published in the June 1974 issue of *Economic Trends*. (2) Provisional.

Exports: analysis by destination

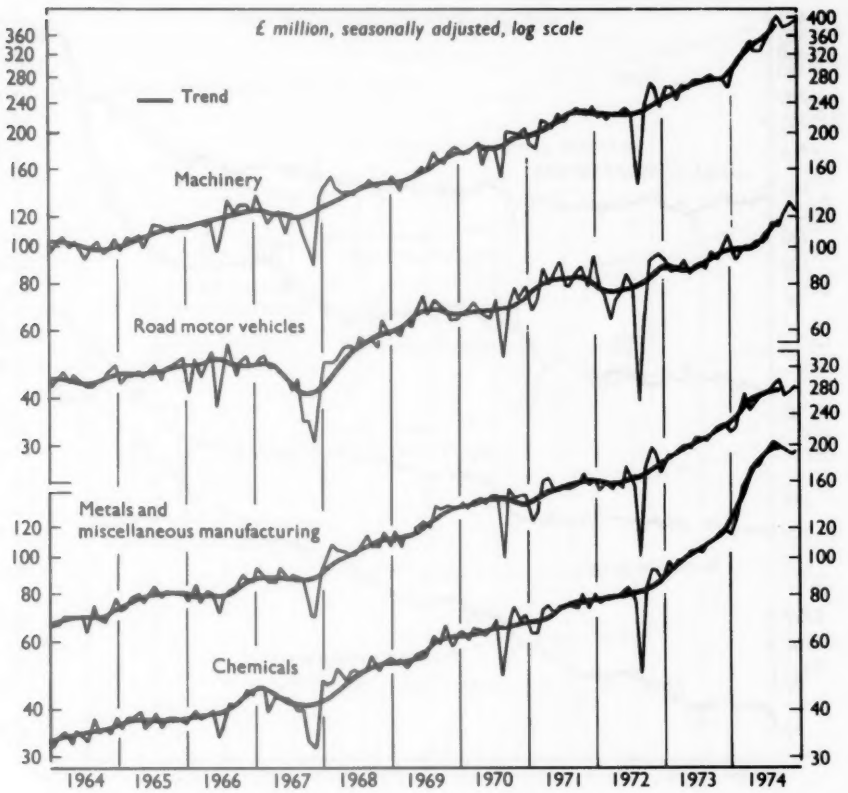


£ million, seasonally adjusted

		Total	Sterling area outside Europe(1)	EEC(2)	EFTA(2)	North America
1972	October	958	198	268	128	155
	November	917	199	267	120	144
	December	913	162	273	122	153
1973	January	941	172	285	131	174
	February	960	169	296	134	154
	March	935	168	296	126	155
	April	1,013	176	313	146	169
	May	966	182	312	125	159
	June	1,036	192	334	139	155
	July	1,042	177	341	131	161
	August	1,075	194	354	152	151
	September	1,134	197	366	169	161
	October	1,089	183	350	172	161
	November	1,137	194	400	174	165
	December	1,126	190	383	146	170
1974	January	1,093	201	367	167	158
	February	1,259	214	407	180	180
	March	1,294	214	444	205	186
	April	1,347	241	459	189	171
	May	1,374	249	474	172	196
	June	1,411	252	490	189	195
	July	1,442	273	488	188	189
	August	1,483	260	493	205	204
	September	1,534	284	503	197	205
	October	1,458	286	479	191	192
	November	1,384	282	466	190	187
	December	1,464	282	466	199	199

(1) Excluding Irish Republic which is included in EEC. (2) 1973 basis.

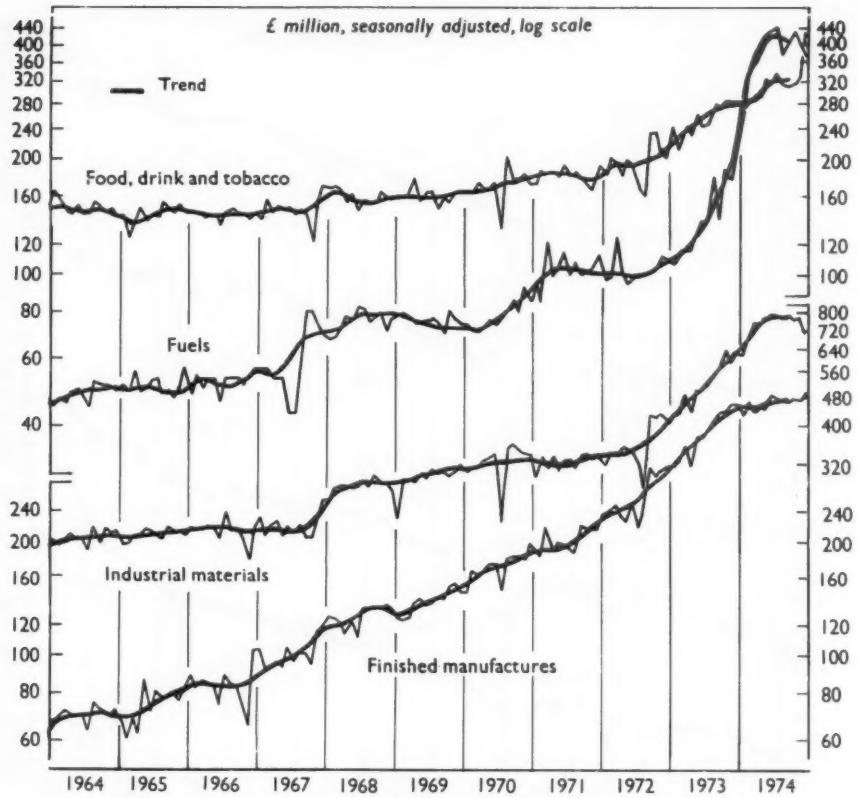
Exports: analysis by commodity classes



£ million, seasonally adjusted

		Total	Machinery	Road motor vehicles	Metals and miscellaneous manufacturing	Chemicals
1972	October	958	269	92	198	93
	November	917	261	94	185	93
	December	913	234	96	169	87
1973	January	941	263	92	188	98
	February	960	263	86	188	94
	March	935	242	87	192	99
	April	1,013	266	92	199	98
	May	966	262	85	195	102
	June	1,036	274	89	209	105
	July	1,042	276	91	208	103
	August	1,075	278	88	204	110
	September	1,134	282	97	211	111
	October	1,089	276	93	221	116
	November	1,137	278	99	227	119
	December	1,126	262	104	218	117
1974	January	1,093	291	93	221	127
	February	1,259	313	97	245	155
	March	1,294	326	100	271	164
	April	1,347	345	100	247	172
	May	1,374	327	103	261	175
	June	1,411	328	102	271	185
	July	1,442	357	105	273	195
	August	1,483	382	117	284	203
	September	1,534	405	114	293	199
	October	1,458	378	123	270	195
	November	1,384	382	131	277	189
	December	1,464	393	125	284	191

Imports: analysis by commodity classes

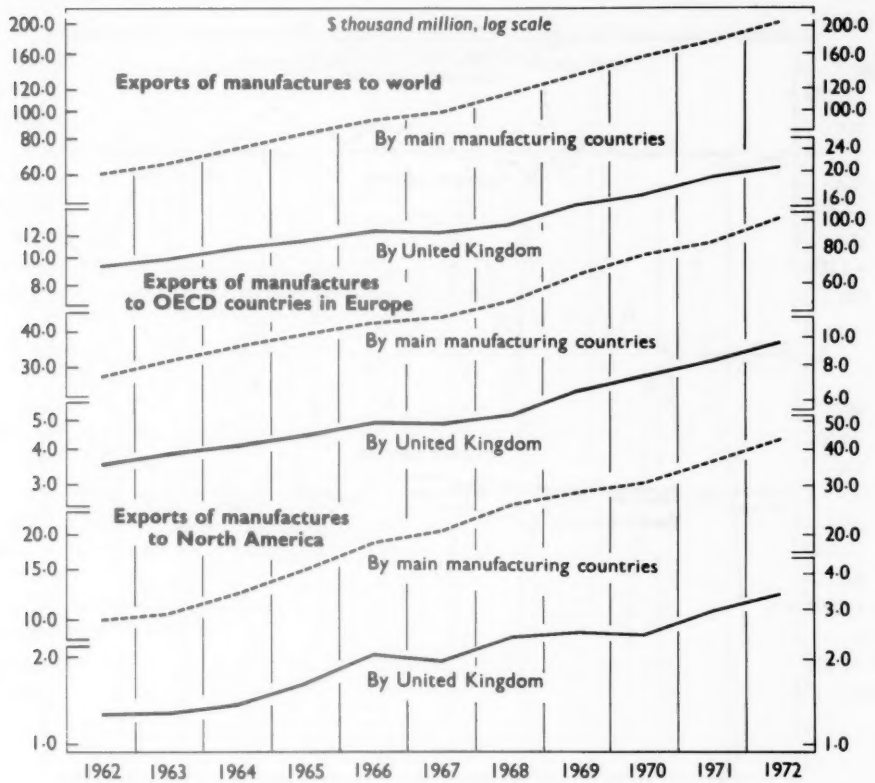


£ million, seasonally adjusted

	Total (1)	Food, drink and tobacco	Fuels	Industrial materials (2)	Finished manufactures (1)
1972 October	1,064	235	104	417	298
November	1,076	208	111	429	309
December	1,031	202	110	409	317
1973 January	1,085	244	107	423	315
February	1,094	212	111	431	325
March	1,211	245	114	488	353
April	1,112	231	114	436	316
May	1,303	262	129	499	376
June	1,264	246	138	495	372
July	1,308	248	138	515	391
August	1,410	280	180	543	411
September	1,445	276	140	571	433
October	1,574	286	189	637	437
November	1,515	284	179	588	452
December	1,533	284	188	620	452
1974 January	1,575	272	263	617	429
February	1,817	279	346	701	464
March	1,908	296	387	757	438
April	1,900	293	396	752	451
May	1,988	325	424	766	441
June	2,051	315	437	795	482
July	2,053	337	441	792	473
August	1,929	316	374	772	465
September	1,990	311	399	790	461
October	2,015	317	432	768	476
November	1,995	331	400	774	473
December	1,978	429	371	712	492

(1) Excluding US military aircraft, etc. (2) See also page 20.

United Kingdom exports of manufactures in world markets

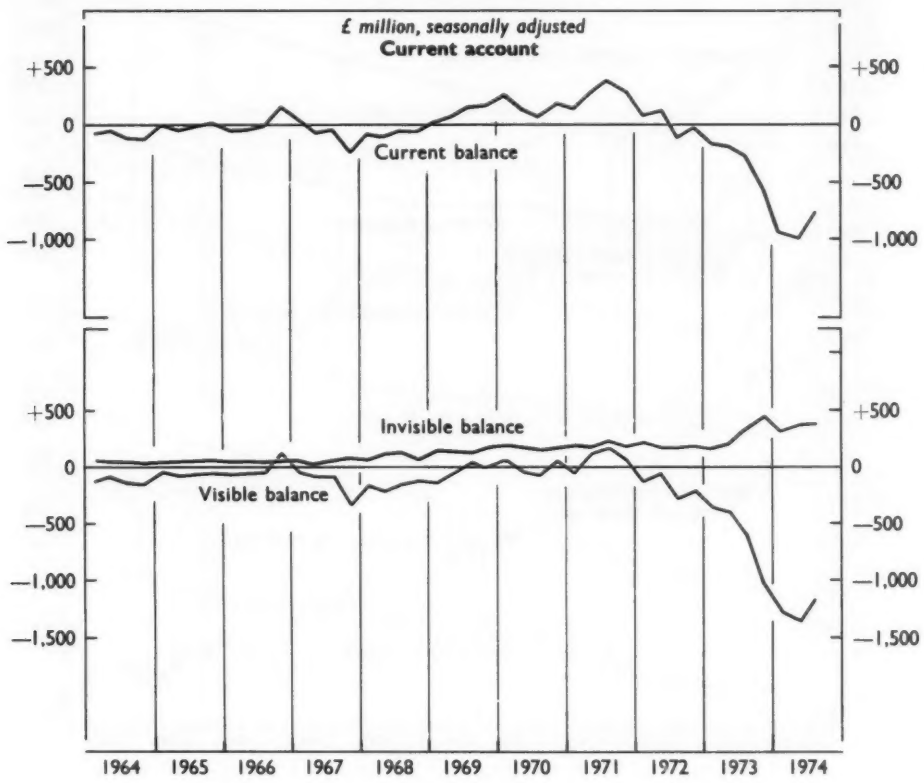


$ thousand million

	To world		To OECD countries in Europe (including Finland and Iceland)		To North America	
	By main manufacturing countries (1)	By United Kingdom	By main manufacturing countries (1)	By United Kingdom	By main manufacturing countries (1)	By United Kingdom
1962..	60·10	9·34	27·95	3·51	10·00	1·27
1963..	65·15	9·99	31·28	3·86	10·52	1·28
1964..	74·35	10·57	35·89	4·17	12·29	1·37
1965..	83·01	11·47	39·61	4·43	15·00	1·63
1966..	92·92	12·29	43·62	4·85	18·61	2·01
1967..	99·45	12·10	45·78	4·89	20·54	1·94
1968..	114·50	12·99	51·74	5·21	25·56	2·31
1969..	134·08	15·01	63·13	6·36	28·87	2·44
1970..	154·32	16·34	75·33	7·26	30·67	2·41
1971..	174·03	19·05	83·62	8·26	36·78	2·92
1972..	205·52	20·66	102·21	9·52	43·23	3·38

(1) United Kingdom, United States of America, German Federal Republic, France, Italy, Belgium/Luxembourg, Netherlands, Sweden, Switzerland, Canada and Japan.

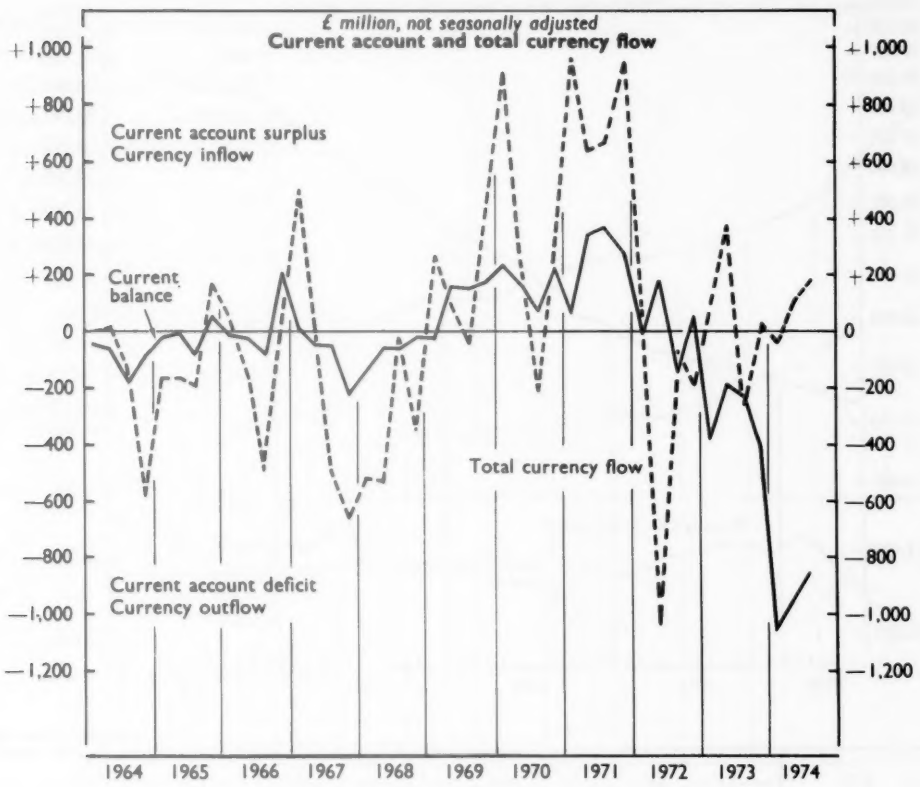
Balance of payments



£ million, seasonally adjusted

	Current account		
	Visible balance	Invisible balance	Current balance
1970 1st quarter	+ 59	+193	+252
2nd quarter	— 46	+181	+135
3rd quarter	— 77	+157	+ 80
4th quarter	+ 55	+163	+218
1971 1st quarter	— 52	+187	+135
2nd quarter	+105	+179	+284
3rd quarter	+172	+213	+385
4th quarter	+ 60	+186	+246
1972 1st quarter	—121	+205	+ 84
2nd quarter	— 64	+185	+121
3rd quarter	—284	+174	—110
4th quarter	—208	+185	— 23
1973 1st quarter	—351	+159	--192
2nd quarter	—399	+202	—197
3rd quarter	—602	+330	—272
4th quarter	—1,003	+466	—537
1974 1st quarter	—1,279	+315	—964
2nd quarter	—1,363	+373	—990
3rd quarter	—1,162	+381	—781
4th quarter			

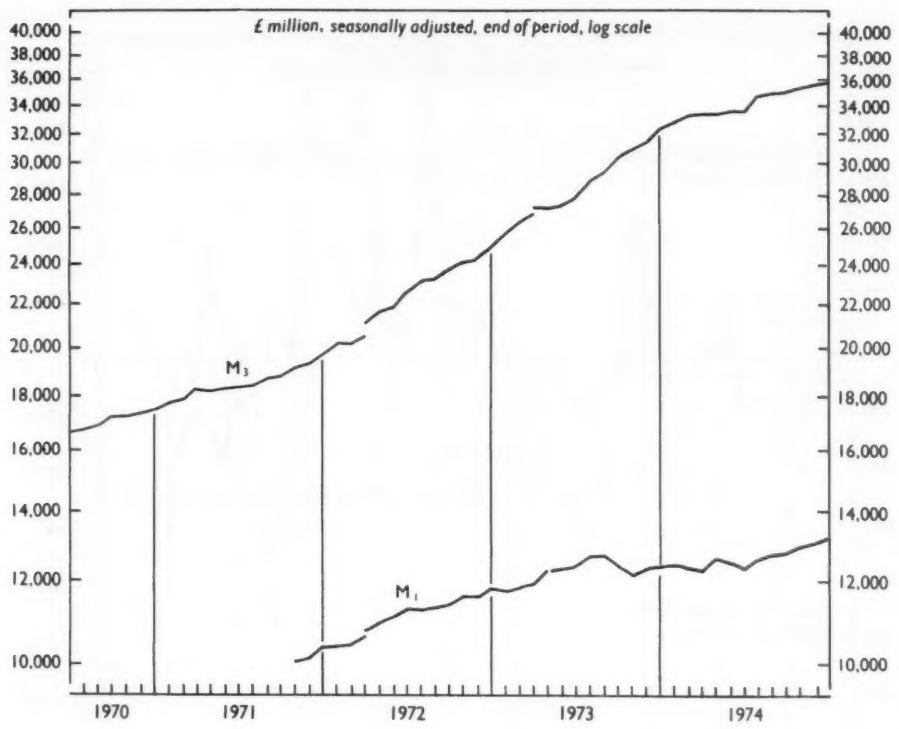
Balance of payments (*continued*)



£ million, not seasonally adjusted

	Current balance	Total currency flow
1970 1st quarter	+234	+ 915
2nd quarter	+162	+ 227
3rd quarter	+ 67	— 202
4th quarter	+222	+ 347
1971 1st quarter	+ 62	+ 973
2nd quarter	+345	+ 634
3rd quarter	+367	+ 668
4th quarter	+276	+ 953
1972 1st quarter	— 14	+ 57
2nd quarter	+183	—1,045
3rd quarter	—153	— 79
4th quarter	+ 56	— 198
1973 1st quarter	—388	+ 69
2nd quarter	—191	+ 377
3rd quarter	—231	— 258
4th quarter	—388	+ 22
1974 1st quarter	—1,050	— 39
2nd quarter	—950	+ 111
3rd quarter	—853	+ 183
4th quarter		

Monthly stock of money



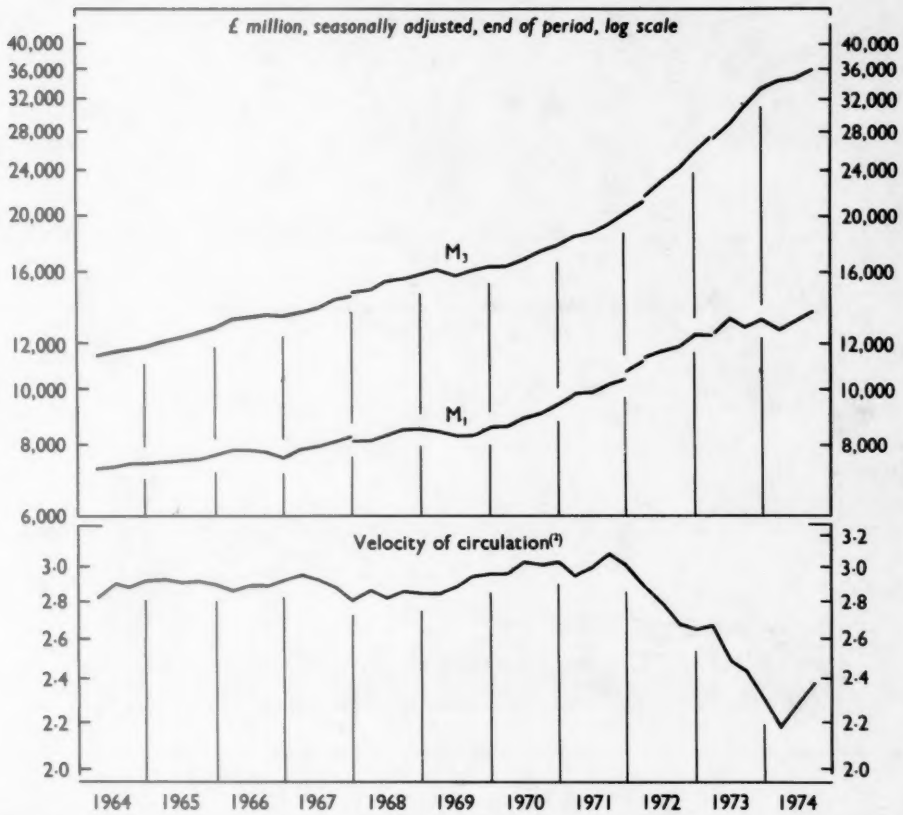
£ million, seasonally adjusted

		M1 (1)(2)		M3 (1)(2)	
		Outstanding	Changes during 'banking months' ending	Outstanding	Changes during 'banking months' ending
1972	October 18	11,600	179	24,030	301
	November 15	11,580	— 21	24,260	234
	December 13	11,800	230	24,970	720
1973	January 17	11,780	— 20	25,580	622
	February 21	11,840	62	26,430	854
	March 21	11,930	91	26,840	406
	April 18(3)	12,290	362	27,240	406
		12,290		27,170	
	May 16	12,310	14	27,330	158
	June 20	12,390	73	27,870	527
	July 18	12,650	253	28,890	1,017
	August 15	12,660	12	29,580	688
	September 19	12,410	—244	30,280	698
	October 17	12,190	—216	30,970	693
	November 21	12,310	116	31,330	360
	December 12	12,330	23	32,150	819
1974	January 16	12,410	84	32,810	652
	February 20	12,320	— 92	33,410	595
	March 20	12,260	— 58	33,430	21
	April 17	12,570	310	33,450	20
	May 15	12,480	— 87	33,580	130
	June 19	12,380	—102	33,520	— 56
	July 17	12,550	168	34,570	1,047
	August 21	12,690	145	34,930	357
	September 18	12,710	22	34,980	53
	October 16	12,900	180	35,150	164
	November 20	13,000	104	35,580	431
	December 11	13,220	216	35,830	249

(1) An article on money stock was published in the March 1972 issue of *Economic Trends*.
(2) The break in series shown in the chart at March 1972 indicates the inclusion of five finance houses recognised or confirmed as banks in January 1972. For further details see *Financial Statistics, Notes and Definitions*, April 1973.
(3) See supplement to *Notes and Definitions* in *Financial Statistics*.

The stock of money

The breaks in the money stock series at December 1967, March 1972 and March 1973 show the effects of changes in contributors which are described in *Financial Statistics*. The break in the series for M_1 at December 1971 reflects additional statistical information and is explained in notes to Table 12 in the *Bank of England Quarterly Bulletin*.

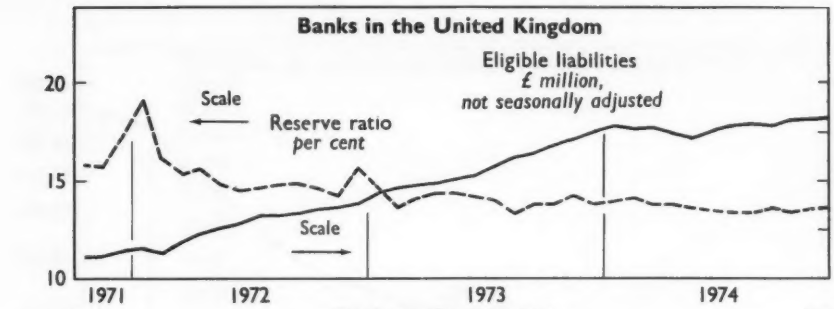


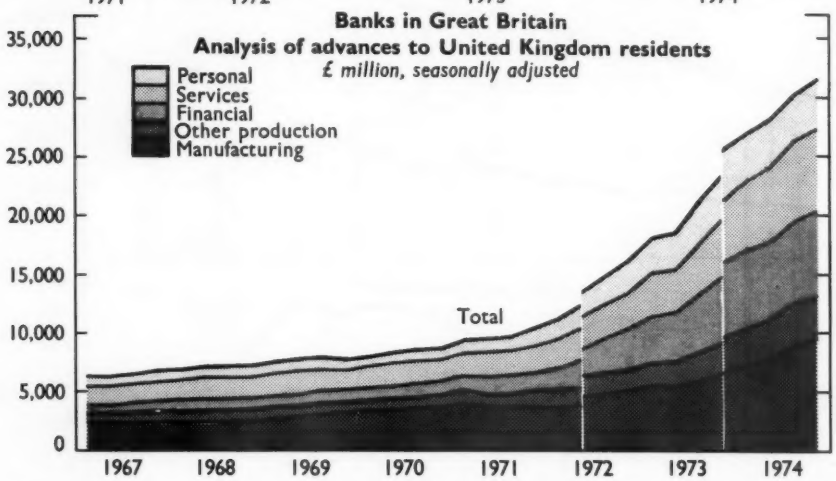
	Money stock (1)		Velocity of circulation (2)
	M_1	M_3 §	
	£ million, seasonally adjusted		
Amounts outstanding at end of period			
1970 March	8,620	16,400	2·969
June	8,960	16,960	3·039
September	9,070	17,410	3·009
December	9,410	17,850	3·026
1971 March	9,790	18,430	2·949
June	9,910	18,720	3·014
September	10,240	19,220	3·081
December	10,850	20,240	3·010
1972 March	11,210	21,190	2·885
	11,270	21,600	
June	11,750	23,140	2·793
September	11,930	24,200	2·672
December	12,410	25,920	2·652
1973 March	12,370	27,400	2·658
	12,370	27,380	
June	13,200	28,670	2·488
September	12,860	31,000	2·441
December	13,130	33,150	2·304
1974 March	12,780	34,190	2·173
June	13,200	34,830	2·258
September	13,550	35,920	2·360
December			

(1) The estimates include allowance for wastage, hoarding, etc. of coin in circulation which is not incorporated in the changes shown in the chart and table on page 38. See also footnote on page 38.

(2) Ratio of GNP at current market prices seasonally adjusted expressed at an annual rate to the centred quarterly average of M_3 seasonally adjusted.

Banking





Eligible liabilities, reserve ratio and special deposits

All banks in the UK have agreed to maintain at least 12½ per cent of their eligible liabilities (broadly, sterling deposits from outside the banking sector of two years or less *plus* any foreign currencies switched into sterling) in certain specified reserve assets (cash at the Bank of England and assets which the Bank would normally be prepared to convert into cash) and to place special deposits expressed as a percentage of eligible liabilities with the Bank when requested.

Analysis of advances to UK residents by banks in GB

The chart shows advances, in sterling and other currencies, by all banks in GB to UK residents, divided into five main categories. Funds placed in specialised financial markets (i.e. deposits with banks, local authorities and finance houses) are not included.

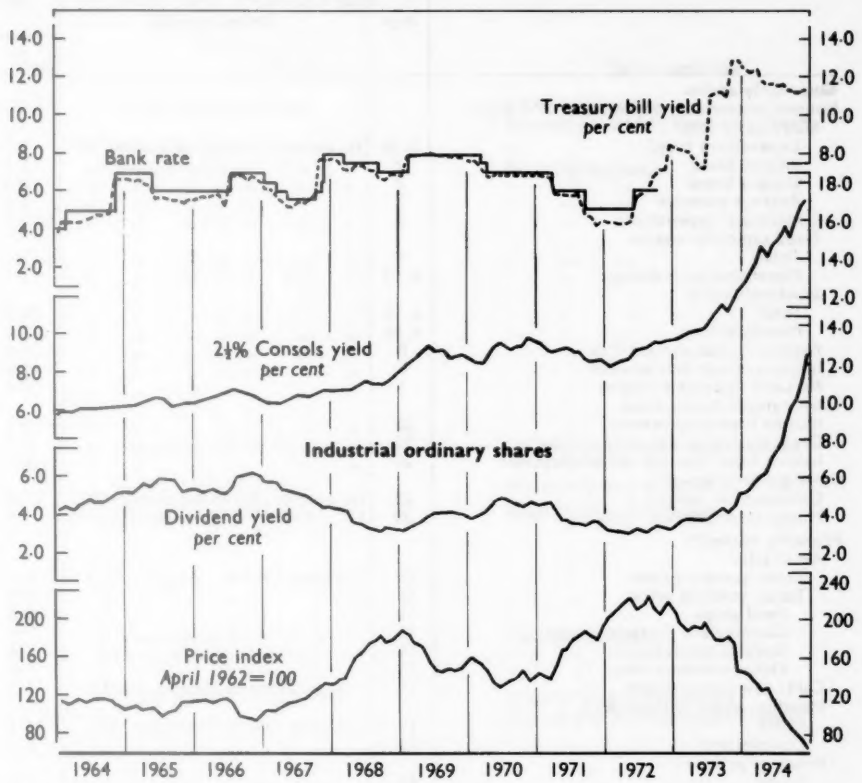
	Quarterly analysis of advances to United Kingdom residents by banks in Great Britain(1)							Banks in the United Kingdom		
	Total	Manufacturing	Other production	Financial	Services	Personal		Eligible liabilities	Reserve ratio	Special deposits(2)
	£ million, seasonally adjusted							£ million, not seasonally adjusted	Per cent	Per cent
Outstanding at mid-month							At mid-month			
1970 Feb. ..	7,947	3,249	1,006	969	1,838	885	1973 April..	24,956	14·4	3
May ..	8,248	3,483	1,049	976	1,811	929	May ..	25,156	14·4	3
Aug. ..	8,648	3,676	1,087	1,016	1,883	986	June ..	25,727	14·2	3
Nov. ..	8,801	3,782	1,102	1,055	1,859	1,003	July ..	26,819	14·0	3
1971 Feb. ..	9,294	4,004	1,123	1,135	1,990	1,042	Aug. ..	27,445	13·3	4
May ..	9,409	3,814	1,154	1,283	2,055	1,103	Sept...	27,977	13·8	4
Aug. ..	9,684	3,801	1,193	1,358	2,120	1,212	Oct. ..	28,778	13·8	4
Nov. ..	10,323	3,785	1,278	1,599	2,263	1,398	Nov...	29,318	14·3	4
1972 Feb. ..	11,050	3,830	1,336	1,840	2,403	1,641	Dec. ..	30,036	13·8	5
May(3)	12,411	3,880	1,485	2,421	2,643	1,982	1974 Jan. ..	30,462	13·9	5
	13,322	4,649	1,593	2,448	2,650	1,982	Feb. ..	30,138	14·1	4½
Aug. ..	14,940	4,937	1,718	3,017	2,906	2,362	March	30,145	13·8	4½
Nov. ..	16,134	5,047	1,888	3,397	3,180	2,622	April..	29,935	13·8	3½
1973 Feb. ..	18,058	5,506	2,065	3,915	3,647	2,925	May ..	29,633	13·6	3
May ..	18,527	5,490	2,162	4,258	3,509	3,108	June ..	30,038	13·5	3
Aug. ..	21,127	5,949	2,375	4,908	4,490	3,405	July ..	30,837	13·4	3
Nov.(1)	23,359	6,634	2,548	5,767	4,944	3,466	Aug. ..	30,856	13·4	3
	25,377	6,749	2,927	6,337	5,294	4,070	Sept...	30,752	13·6	3
1974 Feb. ..	26,922	7,260	3,219	6,644	5,792	4,007	Oct. ..	31,219	13·4	3
May ..	28,044	7,891	3,403	6,590	6,234	3,926	Nov...	31,461	13·5	3
Aug.(4)	29,992	8,876	3,599	7,015	6,493	4,009	Dec. ..	31,537	13·6	3
Nov. ..	31,353	9,499	3,596	7,115	7,112	4,031				

(1) Advances made by the six finance houses recognised or confirmed as banks in January 1972 and January 1973 are only included from the second set of figures for November 1973. (2) Not yet applicable to banks in Northern Ireland.
(3) Before and after the transfer of £734 million of certain export and shipbuilding credits from 'sterling bills discounted' to 'advances to UK residents' and certain other upward revisions totalling £178 million.
(4) In August 1974 £95 million of lending, previously classified to 'financial', has been classified to 'personal'.

Interest rates, security prices and yields

Bank rate (¹)

Date of change	New rate
1960 January 21	5
June 23	6
October 27	5½
December 8	5
1961 July 25	7
October 5	6½
November 2	6
1962 March 8	5½
March 22	5
April 26	4½
1963 January 3	4
1964 February 27	5
November 23	7
1965 June 3	6
1966 July 14	7
1967 January 26	6½
March 16	6
May 4	5½
October 19	6
November 9	6½
November 18	8
1968 March 21	7½
September 19	7
1969 February 27	8
1970 March 5	7½
April 15	7
1971 April 1	6
September 2	5
1972 June 22 to October 12	6



	Bank of England's minimum lending rate (¹)	Treasury bill yield	2½% Consols yield	Industrial ordinary shares	
	Last Friday			Yield	Price index
	Percentage				April 1962 = 100
1972 October	7½	7·01	9·59	3·50	206·76
November	7½	7·06	9·58	3·43	213·26
December	9	8·48	9·71	3·33	219·31
1973 January	8¾	8·29	9·79	3·50	209·35
February	8¾	8·23	9·89	3·82	193·47
March	8½	8·10	10·16	3·93	188·85
April	8¼	7·82	10·23	3·85	193·04
May	7¾	7·33	10·34	3·87	191·66
June	7½	7·08	10·38	3·79	196·83
July	11½	11·20	10·84	4·06	185·22
August	11½	11·28	11·37	4·20	179·69
September	11½	11·25	11·60	4·48	177·52
October	11¼	10·96	11·31	4·15	182·90
November	13	12·85	11·89	4·40	173·77
December	13	12·82	12·38	5·28	145·37
1974 January	12¾	12·40	12·79	5·29	144·94
February	12½	12·18	13·49	5·41	141·95
March	12½	12·35	13·84	5·85	132·89
April	12	11·82	14·61	6·10	128·27
May	11¾	11·54	14·11	6·32	129·15
June	11½	11·56	14·73	7·14	118·60
July	11¾	11·51	15·13	7·58	107·52
August	11½	11·57	15·65	8·72	93·87
September	11½	11·29	15·14	9·73	85·39
October	11½	11·19	15·93	10·24	81·45
November	11½	11·29	16·89	11·16	75·09
December	11½	11·30	17·10	12·48	66·94

(¹) With effect from 13 October 1972, the Bank's minimum lending rate to the market will normally be ½% higher than the average rate of discount for Treasury bills established at the weekly tender, rounded to the nearest ¼% above; the rate normally becomes effective for lending by the Bank, from the following Monday.

Measures of variability of some major series included in *Economic Trends* (1)

	Page	Period covered	Average percentage changes			$\bar{I}/\bar{C}$	MCD or QCD	$\bar{I}/\bar{C}$ for MCD (or QCD) span
			$\overline{CI}$	$\bar{I}$	$\bar{C}$			
Quarterly series								
National income and components at 1970 prices								
GDP, factor cost								
Expenditure based	2, 28	1st quarter 1963 to 2nd quarter 1973	1·3	0·9	0·8	1·1	2	0·4
Income based	2	" " " " " " "	1·3	0·8	0·9	0·9	1	0·9
Output based	2	" " " " " " "	0·9	0·5	0·8	0·6	1	0·6
Average estimate	2	" " " " " " "	1·0	0·7	0·8	0·8	1	0·8
Consumers' expenditure	3	" " " " " " "	1·2	0·7	0·8	0·9	1	0·9
Fixed capital formation								
Total	4	" " " " " " "	2·4	1·6	1·4	1·2	2	0·5
Manufacturing industry	4, 12	" " " " " " "	3·1	1·9	2·1	0·9	1	0·9
Stockbuilding(2)								
Total	4, 16	" " " " " " "	*74·9*	*68·7*	*36·1*	1·9	2	0·7
Manufacturing	4, 16	" " " " " " "	*57·6*	*45·4*	*27·7*	1·6	2	0·6
Exports: goods and services	8	" " " " " " "	3·6	2·6	1·8	1·4	2	0·6
Imports: goods and services	8	" " " " " " "	2·8	1·9	1·7	1·2	2	0·5
Personal disposable income	3	" " " " " " "	1·5	1·0	0·9	1·1	2	0·4
Other national income series								
Income from employment	28	" " " " " " "	2·1	0·4	2·1	0·2	1	0·2
Gross trading profits of companies	28	" " " " " " "	3·9	2·6	2·5	1·0	2	0·4
Income from rent and self-employment	28	" " " " " " "	2·6	0·5	2·5	0·2	1	0·2
Other quarterly series								
Construction output	23	1st quarter 1969 to 4th quarter 1973	2·0	1·5	1·1	1·3	2	0·7
Money stock (M_3) (3)	39	1st quarter 1963 to 4th quarter 1973	2·9	0·5	2·4	0·2	1	0·2
Monthly series(4)								
Retail sales								
Total: current prices	11	January 1961 to August 1973	1·0	0·8	0·5	1·5	2	0·8
Total: constant prices	11	" " " " "	0·9	0·8	0·2	3·5	4	0·9
Food shops	11	" " " " "	0·6	0·6	0·1	3·9	5	0·9
Clothing and footwear shops	11	" " " " "	2·0	2·0	0·3	5·7	6	
Durable goods shops	11	" " " " "	1·6	1·4	0·7	2·1	3	0·7
Other non-food shops	11	" " " " "	1·0	1·0	0·4	2·7	3	0·9
Cars: new registrations	11	January 1954 to December 1972	7·2	6·5	2·5	2·6	4	0·7
Housing: public authorities(5)								
Starts	15	January 1956 to December 1973	11·9	11·7	1·4	8·2	6	
Completions	15	" " " " "	8·2	8·1	1·0	7·7	6	
Housing: private								
Starts	15	" " " " "	7·8	7·4	2·0	3·7	4	1·0
Completions	15	" " " " "	5·5	5·5	0·9	6·0	6	
Index of industrial production								
All industries	2, 18	January 1968 to December 1973	1·0	0·9	0·3	3·5	4	0·9
Manufacturing industries	2	" " " " "	1·0	0·9	0·3	2·9	4	0·7
Engineering and allied industries	18	" " " " "	1·2	1·1	0·4	2·8	4	0·8
Chemicals and allied industries	18	" " " " "	1·7	1·6	0·5	3·2	3	1·0
Textiles, leather and clothing industries	18	" " " " "	1·6	1·6	0·3	4·8	5	1·0
Crude steel production	21	January 1962 to April 1972	3·9	3·6	1·1	3·2	4	0·9
Passenger car production:								
Home market	22	January 1958 to December 1971	9·0	8·0	2·5	3·2	5	1·0
Export	22	" " " " "	8·3	7·6	2·2	3·4	4	0·9
Commercial vehicle production:								
Home market	22	" " " " "	7·9	7·4	1·6	4·7	6	
Export	22	" " " " "	7·5	7·3	1·6	4·8	5	0·9
Unemployed(4)	2, 26	January 1961 to December 1973	*11·5*	*4·5*	*10·4*	0·4	1	0·4
Vacancies notified to employment offices(4)	3, 26	" " " " "	*5·6*	*2·5*	*5·0*	0·5	1	0·5
Average earnings	3, 29	January 1963 to December 1972	0·8	0·4	0·7	0·6	1	0·6
Exports: value, f.o.b.	31	Not available	..	..	..	..	..	..
Imports: value, c.i.f.	31	" "	..	..	..	..	..	..

(1) For a complete description of these measures see article 'Measuring variability in economic time series' in the August 1972 issue of *Economic Trends*. The following are brief definitions of the measures.

$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.

$\bar{C}$ is the same for the trend component, a smooth flexible moving average of the seasonally adjusted series.

$\bar{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additional model, see footnotes (2), (3) and (6).

$\bar{I}/\bar{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.

The average changes $\bar{I}$ and $\bar{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\bar{I}/\bar{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend are, on average, greater than the irregular movement.

(2) The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are not percentage changes but differences in units of £ million. At present seasonal adjustment of the published stocks series is done multiplicatively on the level of stocks.

(3) Although the series is seasonally adjusted additively the figures for $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are presented as percentages of the level of the trend in the preceding quarter.

(4) Series are included in this section if they are normally published in monthly form. For some of these series only short runs of monthly figures are given in *Economic Trends*, and in some cases they are given only as quarterly averages. Reference should be made in these cases to the *Monthly Digest of Statistics*, which contains most of them, or to the original sources.

(5) Series relate to Great Britain, though variability measures calculated from England and Wales component.

(6) The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\bar{I}$ and $\bar{C}$ are not percentage changes but differences in units of thousands.

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(1) Published by the British Steel Corporation.

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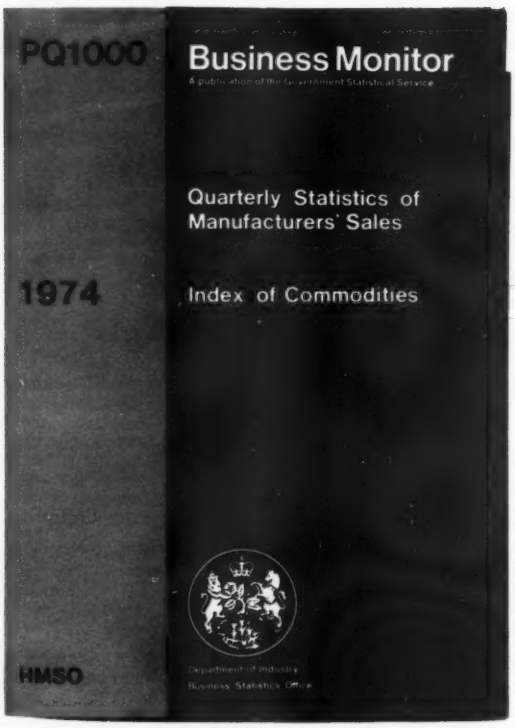

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